

AGENDA

RE-SCHEDULED REGULAR MEETING

OF THE **OVERSIGHT BOARD** TO THE
SUCCESSOR AGENCY FOR THE
SEAL BEACH REDEVELOPMENT AGENCY

Wednesday ~ February 26, 2014 ~ 5:30 p.m.

City Hall Conference Room
211 Eighth Street
Seal Beach, California

BOARD MEMBERS:

| | |
|-------------------------------|---------------------------------------|
| City of Seal Beach | Jill R. Ingram Alayna Hoang |
| OC Board of Supervisors | Michael P. Levitt Gordon A. Shanks |
| OC Department of Education | Patricia L. Meyer |
| CA Community College District | Suzie Payne |
| Special District | (To be determined) |

Next Oversight Board Resolution: Number OB14-02

This Agenda contains a brief general description of each item to be considered. No action or discussion shall be taken on any item not appearing on the agenda, except as otherwise provided by law. Supporting documents, including agenda staff reports, and any public writings distributed to at least a majority of the Oversight Board regarding any item on this agenda, are available for review at the Seal Beach City Hall in the City Clerk's Office located at 211 Eighth Street, Seal Beach, California, Monday through Friday, between the hours of 8:00 a.m. and 5:00 p.m. or contact the City Clerk, at ☎ (562) 431-2527.

In compliance with the Americans with Disabilities Act of 1990, if you require a disability-related modification or accommodation to attend or participate in this meeting, including auxiliary aids or services, please call the City Clerk's office at ☎ (562) 431-2527 at least 48 hours prior to the meeting.

CALL TO ORDER

PLEDGE OF ALLEGIANCE

BOARD ROLL CALL

ORAL COMMUNICATIONS

At this time members of the public may address the Oversight Board regarding any items on this agenda. Pursuant to the Brown Act, the Board cannot discuss or take action on any items not on the agenda unless authorized by law. Those members of the public wishing to speak are asked to come forward and state their name for the record. All speakers will be limited to a period of 3 minutes.

BUSINESS MATTERS

1. **Minutes of the Oversight Board meeting of January 7, 2014** – Approve by minute order.
2. **Re-establish Sewer Easement Loan Agreement** – Adopt **Resolution No. OB14-02** to make a finding that the sewer easement loan was for legitimate redevelopment purposes.
3. **Administrative Budget** – Adopt **Resolution No. OB14-03** approving the Administrative Budget for the six-month fiscal period from July 1, 2014 through December 31, 2014.
4. **Recognized Obligation Payment Schedule (“ROPS”) 14-15A** – Adopt **Resolution No. OB14-04**, approving the ROPS for the six-month fiscal period from July 1, 2014 through December 31, 2014 and taking certain related actions.

ADJOURNMENT

Next scheduled meeting – March 4, 2014 at 5:30 p.m., if needed.

**OVERSIGHT BOARD TO THE SUCCESSOR AGENCY
TO THE SEAL BEACH REDEVELOPMENT AGENCY**

AGENDA STAFF REPORT

DATE: February 26, 2014
TO: Oversight Board Members
FROM: Linda Devine, Staff Member
SUBJECT: **MINUTES OF THE OVERSIGHT BOARD**

SUMMARY OF REQUEST:

Approve the minutes for the Oversight Board regular meeting of January 7, 2014.

BACKGROUND AND ANALYSIS:

This section does not apply to this item.

RECOMMENDATION:

Approve the minutes for the Oversight Board regular meeting of January 7, 2014.

Attachment:

1. Minutes

Seal Beach California
January 7, 2014

The Oversight Board for the Successor Agency to the Seal Beach Redevelopment Agency met for the regular meeting at 5:30 p.m. in the City Hall Conference room with Vice-Chair Levitt calling the meeting to order and led the Salute to the Flag.

ROLL CALL

Present: Board Members: Alayna Hoang, City of Seal Beach
Jill R. Ingram, City of Seal Beach
Michael Levitt, OC Board of Supervisors
Suzie Payne, CA Community Colleges
Absent: Board Members: Gordon Shanks, OC Board of Supervisors
Patricia Meyer, OC Department of Education

Staff: Victoria L. Beatley, Director of Finance
Linda Devine, City Clerk/Secretary

ORAL COMMUNICATIONS

Vice-Chair Levitt opened oral communications. There were no speakers, Vice-Chair Levitt closed oral communications.

BUSINESS MATTERS

ITEM "1" / APPROVE MINUTES / OCTOBER 1, 2013

Ingram moved, second by Hoang, to approve the minutes as presented.

AYES: Hoang, Ingram, Levitt, Payne

NOES: None

ABSENT: Meyer, Shanks

Motion carried

ITEM "2" / RESOLUTION NO. OB14-01/ LONG RANGE MANAGEMENT PLAN (LRPMP)

The Director of Finance provided the staff report reviewing the LRPMP report that will be submitted to the State Department of Finance – indicating there are 3 real properties (zoned as Public Land Use) of the former Seal Beach Redevelopment Agency (police station with associated parking, public works yard, and vacant property next to the Seal Beach Animal Care Center). The Director also stated that when the Other Funds Due Diligence Report (DDR) was completed, the vacant land parcel listed in the DDR was identified as Zoeter Field (wrong parcel number) this is not the correct property. In the process of preparing the LRPMP staff discovered that the vacant land parcel was actually located on Adolfo Lopez. Discussions with the DOF determined that the best approach would be to report the correct parcel on the LRPMP which has been done.

Payne moved, second by Ingram, to adopt Resolution No. OB14-01 entitled "A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE SEAL BEACH REDEVELOPMENT AGENCY APPROVING THE LONG-RANGE PROPERTY MANAGEMENT PLAN PREPARED PURSUANT TO HEALTH AND SAFETY CODE SECTION 34191.5, DETERMINING THAT APPROVAL OF THE LONG-RANGE PROPERTY MANAGEMENT PLAN IS EXEMPT FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, AND TAKING CERTAIN RELATED ACTIONS".

AYES: Hoang, Ingram, Levitt, Payne

NOES: None

ABSENT: Meyer, Shanks

Motion carried

ADJOURNMENT

With no objections the Vice-Chair adjourned the meeting at 5:47 p.m.

Chair Shanks

February 26, 2014
Date Approved

Attested: _____
City Clerk/Board Secretary

Oversight Board Cancelled Meeting Dates:

Due to the lack of business items in need of Board consideration, the following meetings were cancelled – February 4, 2014 (rescheduled for 02/26/14)

***NOTICE:** The following document has not been approved for accuracy and may be corrected, modified or amended before final approval. Because it is being made available prior to final action, it should not be considered a true record of the meeting. It is not the official Minutes of the Oversight Board and cannot be relied on or used as an official record of the proceedings. Although the City of Seal Beach makes every effort to see that proper notes are taken at a meeting, and although draft Minutes are generally approved as submitted, changes and corrections are sometimes made before a final version is approved. The City therefore makes no warranty, expressed or implied, as to the contents of this document. Once Official Minutes have been approved, a copy can be obtained from the City Clerk.*

OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE SEAL BEACH REDEVELOPMENT AGENCY

AGENDA STAFF REPORT

DATE: February 26, 2014

TO: Oversight Board Members

FROM: Victoria L. Beatley, Finance Officer

SUBJECT: **RE-ESTABLISHMENT OF SEWER EASEMENT LOAN
MADE BY THE CITY OF SEAL BEACH TO THE
FORMER SEAL BEACH REDEVELOPMENT AGENCY**

SUMMARY OF REQUEST:

That the Oversight Board adopt Resolution No. OB14-02, to make a finding that the Sewer Easement Loan (defined below) was for legitimate redevelopment purposes in order to re-establish the Sewer Easement Loan Agreement (defined below) as an enforceable obligation for the purposes of Section 34191.4(b) of the California Health and Safety Code ("HSC").

BACKGROUND AND ANALYSIS:

Pursuant to AB X1 26 and the California Supreme Court's decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.* (53 Cal.4th 231(2011)), the Seal Beach Redevelopment Agency (the "Former RDA") was dissolved as of February 1, 2012, and the Successor Agency was constituted. Under AB X1 26, with narrow exceptions, agreements and loan arrangements by and between the City and the Former RDA became unenforceable on the Successor Agency as of February 1, 2012, when the Former RDA was dissolved. As the result, the Sewer Easement Loan Agreement, pursuant to which the Former RDA was obligated to make certain repayments to the City, became unenforceable on the Successor Agency.

On March 16, 2011, Bay City Partners, LLC ("Bay City"), the Former RDA, the City and the City of Seal Beach Planning Commission, entered into a Settlement Agreement and Mutual Release (the "Bay City Settlement Agreement"), after multiple years of litigation. The Bay City Settlement Agreement, among other matters, provided for Bay City's conveyance of an irrevocable easement on a certain property for sewer access, construction and maintenance purposes (the "Sewer Easement"). The acquisition of the Sewer Easement was necessary to provide services to residents and businesses within the Former RDA's Riverfront

Redevelopment Project (the "Project Area") and, therefore, of benefit to the Project Area. The City and the Former RDA agreed that the City would advance certain funds for the costs relating to the acquisition of the Sewer Easement (the "Sewer Easement Loan"), with the understanding that the Former RDA would repay the City for such advances. The Former RDA's repayment obligation with respect to the Sewer Easement Loan was memorialized by Resolution No. 11-10, adopted by the Former RDA on June 27, 2011, and Resolution No. 6151, adopted by the City Council of the City on June 27, 2011 (together, the "Sewer Easement Loan Agreement"). At the time of the Former RDA's dissolution, the outstanding unpaid principal amount of the Sewer Easement Loan was \$1,200,000.

AB 1484, which became effective at the end of June 2012, amended and supplemented AB X1 26. AB 1484, among other things, added HSC Section 34191.4(b), which provides that the Sewer Easement Loan will be re-established and the Sewer Easement Loan Agreement will be deemed an enforceable obligation, if certain prerequisites have been met and other requirements are followed.

One prerequisite is the Successor Agency's receipt of a Finding of Completion from the State Department of Finance (the "DOF"). The Successor Agency received its Finding of Completion on July 16, 2013.

Another prerequisite is a finding by the Oversight Board that the Sewer Easement Loan was made for legitimate redevelopment purposes. On February 24, 2014, the Board of Directors of the Successor Agency adopted Resolution No. SA14-02 requesting the Oversight Board to make such a finding.

Any repayment of the Sewer Easement Loan must be listed on a Recognized Obligation Payment Schedule (the "ROPS"), as approved by the Oversight Board and the DOF. The Successor Agency is required to prepare two ROPS each year. Each ROPS lists the Successor Agency's enforceable obligations payable during the six month fiscal period covered by such ROPS. Per the DOF's interpretation of AB 1484, repayment of the re-established Sewer Easement Loan may not begin until the ROPS 14-15A period (*i.e.*, July 1, 2014 through December 31, 2014). The Successor Agency is required to submit an Oversight Board-approved ROPS 14-15A to the DOF by March 3, 2014. The Oversight Board's adoption of the attached Resolution – finding that the Sewer Easement was made for legitimate redevelopment purposes – will enable the Successor Agency to include the repayment of the Loan on ROPS 14-15A.

AB 1484 provides that 20 percent of each Sewer Easement Loan repayment will be deducted and transferred to the Low and Moderate Income Housing Asset Fund (the "Housing Asset Fund"). The Housing Asset Fund is a fund established and held by the Orange County Housing Authority, in its capacity as the housing successor to the Former RDA. Moneys in the Housing Asset Fund must be used for qualified low and moderate income housing purposes in accordance with the Community Redevelopment Law.

AB 1484 requires that interest on the Sewer Easement Loan must not exceed the interest rate payable by the Local Agency Investment Fund ("LAIF") administered by the State Treasurer. AB 1484 also provides that all accumulated unpaid interest must be recalculated from the origination of the Sewer Easement Loan at the LAIF rate. Per the DOF's interpretation of AB 1484, the accumulated unpaid interest must be recalculated at the LAIF rate in effect at the time when the Oversight Board resolution re-establishing the Sewer Easement Loan is adopted.

AB 1484 also imposes an annual cap on the amount that may be repaid for the Sewer Easement Loan. Under the Dissolution Act, twice a year (on January 2 and June 1), taxing entities receive residual moneys ("Taxing Entities Residual"), if any, remaining in the Redevelopment Property Tax Trust Fund ("RPTTF"), after the County Auditor-Controller's disbursement of pass-through payments and disbursement to the Successor Agency for enforceable obligation payments and administrative cost allowance, as listed on the DOF-approved ROPS. Under AB 1484, each fiscal year, the repayment amount for all loans re-established pursuant to HSC Section 34191.4(b) to be repaid by the Successor Agency to the City must not exceed one-half of the increase between the amount of the Taxing Entities Residual in that fiscal year and Taxing Entities Residual in the 2012-13 base year.

Assuming the Oversight Board's approval of the re-establishment of the Sewer Easement Loan (and no objection from the DOF upon the DOF's review of the Oversight Board resolution), the actual dollar amount to be repaid by the Successor Agency for each Sewer Easement Loan repayment will be subject to the availability of RPTTF funds and the annual cap imposed by AB 1484. The attached Resolution authorizes the Finance Officer of the Successor Agency to develop a repayment schedule in accordance with AB 1484 requirements and also authorizes the Finance Officer to modify the repayment schedule from time to time based on AB 1484 requirements and the actual circumstances.

FINANCIAL IMPACT:

If the Oversight Board adopts the attached resolution making a finding that the Sewer Easement Loan was for legitimate purposes (and the resolution is subsequently approved by the DOF), the Sewer Easement Loan will be re-established and the Sewer Easement Loan Agreement will be deemed an enforceable obligation. The amount of each repayment will be subject to availability of RPTTF funds and the other requirements of AB 1484.

RECOMMENDATION:

Staff recommends that the Oversight Board adopt Resolution No. OB14-02, to make a finding that the Sewer Easement Loan was for legitimate redevelopment purposes and re-establish the Sewer Easement Loan Agreement as an enforceable obligation and take related actions.

Attachment:

- A. Resolution No. OB14-02
- B. Bay City Settlement Agreement
- C. Resolution No. 11-10, adopted by the Former RDA on June 27, 2011
- D. Resolution No. 6151, adopted by the City Council on June 27, 2011
- E. Resolution No. SA14-02

RESOLUTION NUMBER **OB14-02**

A RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE SEAL BEACH REDEVELOPMENT AGENCY MAKING FINDINGS TO RE-ESTABLISH THE SEWER EASEMENT LOAN AGREEMENT AS AN ENFORCEABLE OBLIGATION AND TAKING CERTAIN RELATED ACTIONS

RECITALS:

A. The Seal Beach Redevelopment Agency (the "Former RDA") was a duly constituted redevelopment agency pursuant to provisions of the Community Redevelopment Law (the "Redevelopment Law") set forth in Section 33000 et seq. of the Health and Safety Code ("HSC") of the State of California (the "State").

B. The Former RDA undertook a program to redevelop a project area known as the Riverfront Redevelopment Project (the "Project Area").

C. Bay City Partners, LLC ("Bay City"), the Former RDA, the City of Seal Beach (the "City") and the City of Seal Beach Planning Commission, entered into a Settlement Agreement and Mutual Release, dated as of March 16, 2011 (the "Settlement Agreement"), after multiple years of litigation proceedings.

D. The Settlement Agreement, among other matters, provided for Bay City's conveyance of an irrevocable easement on a certain property for sewer access, construction and maintenance purposes (the "Sewer Easement").

E. The acquisition of the Sewer Easement was necessary to provide services to residents and businesses within the Project Area and, therefore, of benefit to the Project Area.

F. The City and the Former RDA agreed that the City would advance certain funds for the costs relating to the acquisition of the Sewer Easement (the "Loan"), with the understanding that the Former RDA would repay the City for such advances.

G. The Former RDA's repayment obligation with respect to the Loan was memorialized by Resolution No. 11-10, adopted by the Former RDA on June 27, 2011, and Resolution No. 6151, adopted by the City Council of the City on June 27, 2011 (together, the "Sewer Easement Loan Agreement").

H. As of the date of this Resolution, \$1,200,000 of the principal amount of the Loan, plus certain accrued interest, remain outstanding and unpaid.

I. Pursuant to AB X1 26 (which became effective at the end of June 2011), and the California Supreme Court's decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.* (53 Cal.4th 231(2011)), the Former RDA was dissolved as of February 1, 2012, the Successor Agency was constituted as the successor entity to the Former RDA, and an oversight board of the Successor Agency (the "Oversight Board") was established.

J. Pursuant to AB X1 26, except for those provisions of the Redevelopment Law that are repealed, restricted or revised pursuant to AB X1 26, all authority, rights,

Resolution Number OB14-02

powers, duties and obligations previously vested with the Former RDA under the Redevelopment Law are vested in the Successor Agency.

K. Pursuant to HSC Sections 34171(d) and 34178, the Sewer Easement Loan Agreement became unenforceable on the Successor Agency as of February 1, 2012; provided, however, that pursuant to HSC Section 34191.4(b), the Loan shall be re-established and the Sewer Easement Loan Agreement shall be deemed to be an enforceable obligation after the Successor Agency receives a finding of completion (a "Finding of Completion") from the State Department of Finance (the "DOF") under HSC 34179.7, if the Oversight Board makes a finding that the Loan was for legitimate redevelopment purposes.

L. The DOF issued a Finding of Completion to the Successor Agency on July 16, 2013.

M. The Board of Directors of the Successor Agency adopted Resolution No. SA14-02 on February 24, 2014, as an application requesting the Oversight Board to make a finding that the Loan was made for legitimate purposes for the purposes of HSC Section 34191.4(b).

N. After having reviewed the information relating to the Sewer Easement Loan Agreement, the Oversight Board wishes to adopt this Resolution, finding that the Loan was made for legitimate redevelopment purposes and authorizing future repayment of the Loan by the Successor Agency, subject to the requirements of HSC Section 34191.4(b).

O. It is recognized that, pursuant to HSC Section 34191.4(b), the repayment amount authorized each fiscal year for all loans re-established pursuant to HSC Section 34191.4(b) to be repaid by the Successor Agency to the City shall not exceed one-half of the increase between the amount distributed to taxing entities pursuant to HSC Section 34183(a)(4) in that fiscal year and the amount distributed to taxing entities pursuant to HSC Section 34183(a)(4) in the 2012-13 base year.

P. It is further recognized that HSC Section 34191.4(b)(2) provides that 20 percent of each Loan repayment will be deducted and transferred to the Low and Moderate Income Housing Asset Fund established and held by the Orange County Housing Authority, in the Housing Authority's capacity as the housing successor to the Former RDA pursuant to HSC Section 34176.

NOW, THEREFORE, THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE SEAL BEACH REDEVELOPMENT AGENCY, HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. For the purposes of HSC Section 34191.4, the Oversight Board hereby finds that the Loan was for legitimate redevelopment purposes, and the Sewer Easement Loan Agreement is an enforceable obligation; provided, that the repayment terms thereunder shall be modified in accordance with the requirements of HSC Section 34191.4(b).

Resolution Number OB14-02

Section 3. The Oversight Board hereby authorizes the Finance Officer of the Successor Agency to develop a repayment schedule for the Loan in accordance with the requirements of Section 34191.4(b). Recognizing that the actual dollar amount to be repaid by the Successor Agency for each scheduled repayment is subject to the availability of funds from the Redevelopment Property Tax Trust Fund and the limitations set forth in HSC Section 34191.4(b), the Finance Officer of the Successor Agency is hereby authorized to modify the repayment schedule from time to time based on the requirements of HSC Section 34191.4(b) and the actual circumstances at the time of the modification.

Section 4. The members of the Oversight Board and officers of the Successor Agency are hereby authorized, jointly and severally, to do any and all things which they may deem necessary or advisable to effectuate this Resolution.

PASSED, APPROVED AND ADOPTED by the Oversight Board at a meeting held on the 26th day of February, 2014.

AYES: Board Members: _____

NOES: Board Members: _____

ABSENT: Board Members: _____

ABSTAIN: Board Members: _____

Chair, Oversight Board

ATTEST:

Secretary, Oversight Board

STATE OF CALIFORNIA)
COUNTY OF ORANGE) SS
CITY OF SEAL BEACH)

I, Linda Devine, Secretary to the Oversight Board, hereby certify that the foregoing resolution was duly adopted at a meeting of the Oversight Board, held on the 26th day of February, 2014.

Secretary, Oversight Board

SETTLEMENT AGREEMENT AND MUTUAL RELEASE

This Settlement Agreement and Mutual Release ("Agreement") is entered by and between:

(a) Bay City Partners LLC, a California limited liability company (Also known as Bay Cities Partners, LLC) ("Bay City"), on behalf of itself and its successors, successors-in-interest and assigns, on the one hand; and

(b) The City of Seal Beach, a municipal corporation; the City of Seal Beach Redevelopment Agency and the City of Seal Beach Planning Commission (collectively, "City") on behalf of themselves and each of their agencies, divisions, departments, attorneys, staff members, agents and representatives, on the other.

The Agreement shall be effective as of March 16, 2011 ("Effective Date").

The Agreement is entered into with respect to the following facts:

RECITALS

A. Bay City represents that it holds fee title to vacant land of approximately 10.697 acres located between First Street and the San Gabriel River, and between Marina Drive and the City beach in the City, as shown on Exhibit A attached hereto (the "Property").

Bay City's Proposed Residential Project

B. Bay City has owned the Property since approximately May 27, 2003. Bay City intends to pursue residential development of the Property.

C. Bay City seeks to develop a subdivision of 48 residential lots on the Property suitable for single-family detached homes with the balance remaining Open Space (the "Proposed Residential Project"). Such lots will be located on the Property generally and largely north of the westerly prolongation of the southern right-of-way boundary of Central Way as shown specifically on Exhibit B attached hereto (the "Proposed Residential Project Area"). Exhibit C-1 attached hereto is the legal description ("Legal Description") of the Proposed

Residential Project Area. The Proposed Residential Project is shown on plans submitted to the City and is attached hereto as Exhibit C-2 ("Proposed Residential Project Plans").

D. Beginning before 2009, Bay City applied to the City for some of the land use and other entitlements and permits required by the City for the Proposed Residential Project. These land use and other entitlements and permits consist of:

- (1) Certificate of Compliance 2009-01, approved and recorded March 10, 2009 as Instrument No. 2009000109534 in the Official Records, Orange County, California;
- (2) Certificate of Compliance 2010-01, approved and recorded August 27, 2010 as Instrument No. 2010000419498 in the Official Records, Orange County, California; and
- (3) Lot Line Adjustment, approved December 2010.

E. Bay City seeks to obtain all land use and other entitlements and permits from the City required by the City and other agencies for the Proposed Residential Project. Bay City also wishes to obtain a coastal development permit ("CDP") from the California Coastal Commission ("Coastal Commission") for the Proposed Residential Project.

F. In furtherance of this effort, Bay City intends to submit, on or before March 31, 2011, or as soon thereafter as reasonably possible, the remaining applications for all land use and other entitlements and permits required by the City for development of the Proposed Residential Project.

G. The remaining portion of the Property, not included in the Proposed Residential Project Area, lies generally and largely south of the westerly prolongation of the southern right-of-way boundary of Central Way as shown more specifically on Exhibit D attached hereto (the "Open Space").

The City's River's End Project

H. The City seeks to refurbish and improve its River's End Staging Area and San Gabriel River Bike Trail through its River's End Staging Area and San Gabriel River Bikeway Enhancement Plan (the "River's End Project"). Much of the River's End Project is located on property adjacent to the southwesterly boundary of the Property.

I. A segment of the bike trail that is part of the River's End Project crosses onto the Property along the San Gabriel River at the Property's westerly property line, as shown on Exhibit E attached hereto (the "Bike Trail Parcel"). The City wishes to acquire the Bike Trail Parcel from Bay City for the River's End Project. The City has not filed a complaint in eminent domain to acquire the Bike Trail Parcel.

J. In April 2005, the City successfully applied to the Rivers and Mountain Conservancy for a grant to help fund the River's End Project (the "RMC Grant").

K. In 2010, the City submitted an application to the Coastal Commission for a CDP for the River's End Project.

L. On October 26, 2010, Bay City submitted an objection to the Coastal Commission opposing the Commission's issuance of a CDP to the City for the River's End Project. Bay City asserted that portions of the River's End Project are located on the Property.

M. In November 2010, the Coastal Commission staff deemed the City's application for a CDP for the River's End Project incomplete.

Bay City's Challenge to the River's End Project in the CEQA Lawsuit

N. On April 19, 2010, Bay City filed a petition for writ of mandate and complaint for declaratory and injunctive relief against the City, pursuant to the California Environmental Quality Act ("CEQA Lawsuit"). The CEQA Lawsuit is entitled *Bay City Partners LLC v. City of Seal Beach, et al.* (Orange County Superior Court Case No. 30-2010 00364553). In the CEQA Lawsuit, Bay City sought to challenge the City's certification of a Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program for the River's End Project.

O. On February 1, 2011, the Court entered Judgment in the CEQA Lawsuit. The Judgment granted Bay City's petition in part and denied it in part. On February 1, 2011, the Court issued a Writ of Mandate directed to the City. On March 1, 2011, Bay City appealed the Judgment denying its petition in part.

The City's Condemnation Lawsuit

P. On September 23, 2009, the City filed a complaint in eminent domain entitled *City of Seal Beach v. Bay City Partners LLC, et al.* (Orange County Superior Court Case No. 30-2009 00305309) ("Condemnation Lawsuit"). In the Condemnation Lawsuit, the City sought, among other things, to acquire two portions of the Property located at First Street and Ocean Avenue. In particular, the City sought to acquire:

(1) A portion of Orange County Assessor's Parcel Numbers 043-171-02 and 043-172-13, as shown on Exhibit F attached hereto, in fee simple, reserving therefrom that non-exclusive easement for transportation of oil, gas and water, as more particularly set forth in that certain Easement Agreement dated February 17, 2009 and recorded November 2, 2009, as Instrument No. 2009000593882 in the Official Records, Orange County, California (the "Driveway Parcel"). The City asserted that it sought to acquire the Driveway Parcel for an access road.

(2) A portion of Orange County Assessor's Parcel Numbers 043-171-02 and 043-172-13, as shown on Exhibit G attached hereto, in fee simple, reserving therefrom that non-exclusive easement for transportation of oil, gas and water, as more particularly set forth in that certain Easement Agreement dated February 17, 2009 and recorded November 2, 2009, as Instrument No. 2009000593882 in the Official Records, Orange County, California (the "Sewer Parcel"). The City asserted that it sought to acquire the Sewer Parcel for a sewer maintenance area.

Q. The City asserted that it sought to acquire the Driveway Parcel for a public access roadway from First Street and Ocean Avenue to the public parking lot that serves the River's End Project. The City further asserted that it needed the Driveway Parcel in order to maintain public access to the public beach, the Pacific Ocean, Windsurfer Park, the First Street parking lot, and the River's End Café.

R. The City asserted that it sought to acquire the Sewer Parcel for a sewer maintenance area to maintain an existing City sewer line.

The Settlement

S. The intentions of Bay City and the City in entering this Agreement include, without limitation:

(1) Good faith consideration of land use and other entitlements and permits for Bay City's Proposed Residential Project, including issuance of a CDP from the Coastal Commission;

(2) Compensation of Bay City for the transfer to the City of fee title to the Driveway Parcel, the Sewer Parcel, the Bike Trail Parcel, and the Open Space as promptly as possible;

(3) Resolution of all existing, current disputes and litigation between Bay City and the City, finally and completely;

(4) Approval and issuance of a CDP from the Coastal Commission for the City's River's End Project; and

(5) Transfer of fee title to the Open Space, including the Driveway Parcel, the Sewer Parcel, and the Bike Trail Parcel, to the City upon the triggering event described in the Agreement.

NOW, THEREFORE, BASED ON THESE FACTS, AND IN CONSIDERATION FOR THE COVENANTS SET FORTH BELOW, BAY CITY AND THE CITY AGREE AS FOLLOWS:

1. **Concurrent with the Effective Date of the Agreement:** The parties agree that, within fourteen (14) days of the Effective Date of the Agreement:

A. **City's Obligations Concurrent With the Effective Date:**

(1) **\$900,000 Payment.** The City shall pay the amount of \$900,000 to Bay City concurrent with the Effective Date of the Agreement. Such \$900,000 payment to Bay City is non-refundable. Bay City shall have no obligations hereunder unless and until such timely payment occurs. The City shall not be entitled to a refund or reimbursement of any portion of such payment. In particular, there shall be no refund or reimbursement of such

payment, regardless of whether or when the Proposed Residential Project is approved by the City or the Coastal Commission as discussed in paragraphs 2 and 4, below. The \$900,000 payment shall be payable by check to Bay City Partners LLC.

(2) **Dismissal of the Condemnation Lawsuit.** The City shall dismiss the Condemnation Lawsuit without prejudice. The Condemnation Lawsuit may be re-filed, if at all, only in accordance with paragraph 4, below. The City acknowledges that such dismissal may result in an obligation on the City's part to reimburse Bay City's ordinary court costs (but not attorneys' fees) under Code of Civil Procedure section 1032. The parties estimate and agree that such ordinary costs are less than \$10,000.

(3) **Indemnity.** As a material term of the Agreement and the Lease, the City shall indemnify, save, hold harmless and defend Bay City, its members and its successors, successors-in-interest and assigns from any and all claims, costs, causes of action, and liability for any damages, personal injury or death which may arise, directly or indirectly, from the use of the Driveway Parcel, the Bike Trail Parcel or the Sewer Parcel by the City or the public.

(4) **Insurance.** As a material term of the Agreement and the Lease, within fourteen (14) days of entering the Lease, the City shall provide Bay City with evidence of insurance coverage carrying an annual aggregate limit of \$2,500,000 for the Driveway Parcel, the Bike Trail Parcel, and the Sewer Parcel.

B. Bay City's Obligations Concurrent With the Effective Date:

(1) **Lease of the Driveway Parcel and the Bike Trail Parcel.** Concurrent with the \$900,000 payment described in paragraph 1.A(1), above, the City and Bay City will enter a lease for the Driveway Parcel and the Bike Trail Parcel (the "Lease"), based on the terms sheet attached hereto as Exhibit H. Under the Lease, Bay City will lease the Driveway Parcel and the Bike Trail Parcel to the City. The City and Bay City agree that the term of the Lease will commence on March 31, 2011. The City and Bay City agree that the term of the Lease will terminate on the earlier of:

- (a) March 31, 2015; or
- (b) Conveyance of the Driveway Parcel and the Bike Trail Parcel to the City pursuant to the transaction described in paragraph 5.B, below; or
- (c) If the Coastal Commission denies or declines to process further the Proposed Residential Project, then thirty (30) days thereafter such denial or declination. (Bay City shall determine, in its sole discretion, whether a Coastal Commission denial or declination has occurred. Bay City shall promptly notify the City in writing of such determination.)

(2) Irrevocable Easement for the Sewer Parcel. Upon Bay City's receipt of the \$900,000 payment described in paragraph 1.A(1), above, Bay City will convey to the City an irrevocable easement for the Sewer Parcel (the "Irrevocable Easement"). The Irrevocable Easement shall be for sewer access, construction and maintenance purposes only. The City shall be entitled to keep the Irrevocable Easement. In particular, the City shall not be required to reconvey to Bay City, or abandon the Irrevocable Easement regardless of whether or when the Proposed Residential Project is approved by the City or the Coastal Commission as discussed in paragraphs 2 and 4, below.

(3) Dismissal of the CEQA Lawsuit. Upon Bay City's receipt of the \$900,000 payment described in paragraph 1.A(1), above, Bay City shall also: (a) dismiss its appeal filed on March 1, 2011 in the CEQA Lawsuit; and (b) authorize its attorneys to enter into and execute a stipulation regarding the City's return to the February 1, 2011 Writ of Mandate.

(4) Cooperation on the River's End Project. Upon Bay City's receipt of the \$900,000 payment described in paragraph 1.A(1), above, Bay City shall also: (a) withdraw its opposition with the Coastal Commission to the City's application for a CDP for the River's End Project; and (b) take reasonable steps, upon written request from the City, to: (i) assist the City in obtaining a CDP from the Coastal Commission for the River's End Project; and (ii) assist the City in expediting the River's End Project to help the City avoid losing the

RMC Grant. For purposes of Bay City's obligation to take "reasonable steps" to assist the City, "reasonable steps" shall not require Bay City to spend any money or pay any money to the City.

2. **Concurrent Upon Bay City's Proposed Residential Project Application:** The parties further agree as follows:

A. **Bay City's Obligations Concurrent With Bay City's Proposed Residential Project Application:**

Bay City will submit to the City the necessary applications, information and documents for all land use and other entitlements and permits that the City requires for the Proposed Residential Project within the time frame described in paragraph F of the Recitals, above.

B. **City's Obligations Concurrent With Bay City's Proposed Residential Project Application - - City Consideration of Proposed Residential Project:**

(1) **Consideration.** Although the City cannot guarantee approval of the Proposed Residential Project or any of Bay City's applications for land use and other entitlements and permits for the Proposed Residential Project, Bay City and the City's staff expect that such consideration of the Proposed Residential Project will occur, and as a matter of fact, mutually represent to one another that such consideration is foreseeable, reasonable, and expected. The parties further acknowledge that all obligations of Bay City in this paragraph 2A shall be contingent on such timely consideration.

(2) In furtherance of consideration of the Proposed Residential Project, the City specifically agrees as follows:

(a) The City's staff shall use each of his or her best efforts to secure consideration of (i) the Proposed Residential Project as shown on the Proposed Residential Project Plans; and (ii) Bay City's applications for land use and other entitlements and permits for the Proposed Residential Project subject to CEQA analysis, findings, and mitigation measures;

(b) The City's staff shall each recommend to the Planning Commission and City Council that the City's staff in good faith considered the Proposed Residential Project and Bay City's applications for land use and other entitlements and permits for the Proposed Residential Project;

(c) The City's staff shall work diligently and in good faith with Bay City to expeditiously accomplish consideration of the Proposed Residential Project and Bay City's applications for land use and other entitlements and permits for the Proposed Residential Project upon Bay City's submission of the applications, information and documents necessary for processing approval;

(d) The City shall process expeditiously and in good faith the applications, information and documents for the Proposed Residential Project. The City shall expedite the processing of any current applications for land use and other entitlements and permits for the Proposed Residential Project already on file with the City and any future applications that Bay City may submit to the City for the Proposed Residential Project, according to a schedule developed by the parties.

(3) **Terms of Approval.** In connection with such approval, the City specifically agrees: Bay City's conveyance of the Open Space to the City discussed in paragraph 5.B, below, satisfies all of the following possible exactions for the Proposed Residential Project:

- (a) Park fees ("Quimby fees");
- (b) Park improvement obligations;
- (c) Affordable housing requirements (either in lieu fees or on-site improvements);

In no event shall the City require or impose additional park fees ("Quimby fees"); additional park improvement obligations; or additional affordable housing requirements (either as in lieu fees or on site improvements) for the Proposed Residential Project. The parties will amend the existing reimbursement agreement between the parties to

reduce planning staff overhead charges from 17.5% to 8% for the Proposed Residential Project. The City waives the Transportation Facilities Fee for the Proposed Residential Project.

(4) **Hearing on Project.** On or about March 31, 2012, or as soon thereafter as the City concludes is reasonably and legally possible, and subject to Bay City's timely submittal of all necessary applications, studies, reports and plans, the City Council will hold a hearing for final action on approval of the Proposed Residential Project and Bay City's applications for land use and other entitlements and permits for the Proposed Residential Project.

(a) At the hearing, the City Council will consider, among other things: the terms of the Agreement; Bay City's desire to facilitate prompt approval of the Proposed Residential Project; and the fact that the parties have settled current disputes and litigation between the parties through the Agreement.

(b) After all legally necessary and appropriate notices and deliberations, the City Council may issue a final approval of the Proposed Residential Project and Bay City's applications for land use and other entitlements and permits for the Proposed Residential Project.

(c) Nothing herein shall be deemed to constrain or limit the City's legislative discretion.

(5) The City agrees that the "sitting area" shown on the River's End Project plans, attached hereto as Exhibit I, shall be moved to a location south of the westerly prolongation of the southerly right-of-way of Central Way to allow 3,500 square feet of the San Gabriel River bike path to be incorporated into the Proposed Residential Project at no cost to the City.

3. **If And When the City Approves the Proposed Residential Project:** If and when the City Council approves the Proposed Residential Project discussed in paragraph 2, above, the City agrees to: (a) take reasonable steps to assist Bay City in obtaining a CDP from the Coastal Commission for the Proposed Residential Project; (b) testify on behalf of Bay City in favor of a CDP for the Proposed Residential Project before the Coastal Commission at any

hearing; and (c) if legally permissible, be a co-applicant with Bay City for a CDP from the Coastal Commission for the Proposed Residential Project and removal by the City of the fence surrounding the Open Space to be conveyed to the City upon receipt of a CDP by Bay City and Construction by the City of a replacement fence along the new common property line. For the purposes of City's obligations in this paragraph 3 to assist Bay City, such obligations shall not require City to spend any money or pay any money to Bay City (other than the cost associated with the fence).

4. **If No City Approval of the Proposed Residential Project:** If the City does not approve the Proposed Residential Project, then the parties have no obligations under paragraph 5, below, of the Agreement. Instead, the City shall promptly consider acquiring through negotiation or eminent domain, if necessary, the Driveway Parcel and the Bike Trail Parcel. In the event the City Council authorizes the acquisition by eminent domain of the Driveway Parcel and the Bike Trail Parcel, Bay City and its assignees waive any and all claims associated with the adoption of a resolution of necessity, right to take, precondemnation activities and any other claims or defenses previously waived in the eminent domain matter identified in Recital P and not related to valuation of the subject interests. The City agrees that the larger parcel for the Driveway Parcel is as previously stipulated in the eminent domain matter identified in Recital P. Such acquisition shall seek to acquire not only the Driveway Parcel and the Bike Trail Parcel as well.

5. **Concurrent With the Coastal Commission's Issuance of a CDP for the Proposed Residential Project:** Promptly upon the Coastal Commission's issuance of a CDP to Bay City for the Proposed Residential Project, the parties agree as follows:

A. **City's Obligations Concurrent With Issuance of a CDP for the Proposed Residential Project:**

(1) **\$1,100,000 Payment.** The City will pay the amount of \$1,100,000 to Bay City or its successors, successors-in-interest and assigns immediately upon recording of the deed described in paragraph B, below.

(2) **Donation Tax Credit.** The City agrees that Bay City may take a donation credit for tax purposes for all of the land Bay City transfers to the City under the Agreement. The donation credit may be for the difference between Bay City's appraised value for the land transferred and the total cash compensation of \$2,000,000 paid to Bay City for the land transferred. The City's agreement to the donation credit and to use of Bay City's appraised value does not obligate the City to agree with Bay City's appraised value.

(3) **Transfer of City-Owned Property.** The City will convey by quitclaim deed to Bay City fee simple title to approximately 7,000 square feet of land that the City owns adjacent to the corner of Marina Drive and First Street shown on and legally described in Exhibit K attached hereto ("City-Owned Property").

B. Bay City's Obligations Concurrent With Issuance of a CDP for the Proposed Residential Project - - Purchase and Sale Agreement for Open Space:

The City and Bay City will enter a purchase and sale agreement that contains all of the standard provisions (the "Purchase and Sale Agreement"), including a provision awarding attorneys' fees, costs and expenses to the prevailing party in any action or proceeding instituted to interpret or enforce any of the terms or provisions of the Purchase and Sale Agreement. Pursuant to the Purchase and Sale Agreement, Bay City will convey to the City, by quitclaim deed, fee title to all of the land described in Exhibit D attached hereto and identified as the "Open Space." The Open Space that Bay City will convey to the City by quitclaim deed consists of:

(1) All of the land south of the westerly prolongation of the southern right-of-way boundary of Central Way, *except* $\pm 1,200$ square feet of land within the Proposed Residential Project Area south of the westerly prolongation of the southern right-of-way boundary of Central Way as shown and identified on Exhibit J attached hereto.

(2) The Driveway Parcel;

(3) The Sewer Parcel; and

(4) The Bike Trail Parcel.

The City agrees that Bay City's conveyance of the Open Space to the City shall be for the purpose of future open space and park uses. The quitclaim deed from Bay City to the City conveying the Open Space to the City will include a deed restriction limiting the uses of the Open Space to open space and park uses. The City may allow Bay City or its successors, successors-in-interest and assigns limited grading on the "Open Space" parcel as part of the review and approval process as shown on Exhibit C-2.

6. If No Issuance of a CDP By the Coastal Commission for the Proposed Residential Project: If the Coastal Commission does not issue a CDP to Bay City for the Proposed Residential Project, the parties shall have no obligations under paragraph 5, above, of the Agreement.

7. DCOR Oil and Gas License and Easement:

A. Bay City and its assignees shall retain all rights to and interests in the easement for transportation of oil, gas and water, as more particularly set forth in that certain Easement Agreement dated February 17, 2009 and recorded November 2, 2009, as Instrument No. 2009000593882 in the Official Records, Orange County, California, and as shown on Exhibit L attached hereto ("DCOR Easement").

B. Bay City and its assignees shall retain all rights to and interests in the oil and gas license with Dos Cuadras Offshore Resources, LLC ("DCOR") or its successors as shown on Exhibit M attached hereto, and located within the DCOR Easement.

C. The City agrees that it will not (a) interfere with or impede the normal course of business under either the license with DCOR or the DCOR Easement; or (b) interfere with any of the pipelines existing under either the license with DCOR or the DCOR Easement.

8. Standard Provisions:

A. Entire Agreement.

The Agreement contains the entire agreement and understanding concerning the subject matter hereof between the parties, and supersedes and replaces all prior negotiations, proposed agreements, and agreements, whether written or oral, express or implied,

of any type whatsoever. Each of the parties hereto acknowledges that neither any other party hereto, nor any agent or attorney of any other party has made any promise, representation or warranty whatsoever, expressed or implied, not contained herein concerning the subject matter hereof to induce it to execute the Agreement, and acknowledges and warrants that the Agreement is not being executed by such party in reliance on any promise, representation or warranty not contained herein.

B. Mutual Release.

(1) Bay City, for itself and each of its agents, representatives, heirs, executors, administrators, co-owners, co-tenants, subtenants, successors, successors-in-interest, assigns past and present, officers, directors, partners, trusts, trustees, members, contractors and subcontractors, and each of them, hereby releases and discharges the City, and each of its agents, representatives, heirs, executors, administrators, co-owners, co-tenants, subtenants, successors, successors-in-interest, assigns past and present, officers, directors, partners, trusts, trustees, members, contractors and subcontractors, and each of them, from any and all claims, demands, actions, causes of action, obligations, liabilities, losses, debts, contracts, covenants, duties, damages, expenses, costs, costs on appeal and charges of whatever kind, whether known or unknown, suspected or unsuspected, which exist or may exist as of the Effective Date of the Agreement regarding and/or arising from or pertaining to: (a) the Condemnation Lawsuit; and (b) the CEQA Lawsuit.

(2) The City, on behalf of itself and each of its agents, representatives, heirs, executors, administrators, co-owners, co-tenants, subtenants, successors, successors-in-interest, assigns past and present, officers, directors, partners, trusts, trustees, members, contractors and subcontractors, and each of them, hereby releases and discharges Bay City, and each of its agents, representatives, heirs, executors, administrators, co-owners, co-tenants, subtenants, successors, successors-in-interest, assigns past and present, officers, directors, partners, trusts, trustees, members, contractors and subcontractors, and each of them, from any and all claims, demands, actions, causes of action, obligations, liabilities, losses, debts, contracts,

covenants, duties, damages, expenses, costs, costs on appeal and charges of whatever kind, whether known or unknown, suspected or unsuspected, which exist or may exist as of the Effective Date of the Agreement regarding and/or arising from or pertaining to: (a) the Condemnation Lawsuit; and (b) the CEQA Lawsuit.

C. Civil Code Section 1542.

The parties hereto acknowledge that they are familiar with section 1542 of the California Civil Code, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

The parties hereto, and each of them, waive and relinquish all rights and benefits to the full extent that they may lawfully waive all such rights and benefits as existed or currently exist, but such waiver shall not apply to such claims as may arise in the future.

D. Attorneys' Fees, Costs and Expenses.

(1) Each party shall bear its own attorneys' fees and litigation expenses.

(2) In any action or proceeding instituted to interpret or enforce any of the terms or provisions of the Agreement, the prevailing party or parties shall be entitled to attorneys' fees, court costs and expenses incurred by the prevailing party in connection with such action or proceeding.

E. Successors and Assigns.

The Agreement shall inure to the benefit of and be binding upon each party hereto, including each party's respective agents, representatives, heirs, administrators, executors, successors, successors-in-interest, and assigns.

F. Counterparts.

The Agreement may be executed in one or more counterparts, each of which, when taken together, shall constitute a completely executed original. The counterparts may be transmitted by facsimile, which shall be deemed original signatures.

G. Authority.

(1) Bay City warrants and represents that each signatory to the Agreement on behalf of Bay City has authority to sign the Agreement in his or her representative capacity. Similarly, the City warrants and represents that its signatory has authority to sign the Agreement on behalf of the City.

(2) Each of the undersigned represents and warrants that he, she or it is fully authorized to enter the Agreement on behalf of his, her or its principal, and to bind such principal to the terms set forth herein without further ratification or approvals.

H. Resolution of Disputes.

Pursuant to Code of Civil Procedure section 664.6, the parties agree that the Orange County Superior Court will retain jurisdiction over the parties and the Agreement. The Court shall resolve all disputes, controversies and claims relating to the Agreement and the obligations of the parties under it. The disputes, controversies, and claims covered by this paragraph include, without limitation, any dispute sounding in contract or tort, any dispute as to the making, validity, interpretation, reformation or enforceability of the Agreement, and any dispute seeking legal, equitable, provisional or permanent relief relating to the Agreement.

I. Notice.

(1) If to the City:

City of Seal Beach
211 8th Street
Seal Beach, California 90740
Attn: City Manager

With Copy To:
Quinn Barrow, Esq.
Richards, Watson & Gershon
355 South Grand Avenue, 40th Floor
Los Angeles, California 90071-3101
Email: qbarrow@rwglaw.com
Fax No.: (213) 626-0078

(2) If to Bay City:

Bay City Partners LLC
2999 Westminster Avenue, Suite 211
Seal Beach, California 90740
Attn: Rocky Gentner
Email: Rockyg@gentnerandcompany.com

With Copy To:
John C. Murphy, Esq.
Murphy & Evertz LLP
650 Town Center Drive, Suite 550
Costa Mesa, California 92626
Email: jmurphy@murphyevertz.com
Fax No.: (714) 277-1777

J. Jurisdiction.

The Agreement shall be deemed by the parties to have been executed and delivered within the State of California, and the rights and obligations of the parties hereto shall be construed and enforced in accordance with, and governed by, the laws of the State of California.

K. Venue.

The parties hereto agree that any action, suit, claim or other proceeding of any type that may be prosecuted, initiated or attempted in connection with the Agreement, shall be brought in the Superior Court for the State of California, County of Orange.

L. Construction.

Each party has cooperated in the drafting and preparation of the Agreement, or has had the opportunity to do so. Hence, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party will not be employed in any interpretation of the Agreement.

M. Severability.

In the event any part of the Agreement should be found invalid, unenforceable or nonbinding, the remaining portions will remain in force and fully binding.

N. Waiver of Breach.

The waiver by any party of any breach of any term in the Agreement shall not be construed as a waiver of any subsequent breach.

O. Voluntary Agreement.

Each party hereto acknowledges and warrants that such party has been represented by counsel of its own choice throughout all negotiations which preceded the execution of the Agreement. Each party has read or has had read to such party the Agreement, and has had it satisfactorily explained to such party by counsel representing such party. Accordingly, each party is satisfied with the settlement contained herein and has signed the Agreement voluntarily.

IN WITNESS WHEREOF, the City and Bay City cause the Agreement to be executed.

Dated: 3-16, 2011

CITY OF SEAL BEACH,
A municipal corporation

By: [Signature]
Michael Levitt
Mayor of City of Seal Beach

Dated: 3-18, 2011

SEAL BEACH REDEVELOPMENT AGENCY

By: [Signature]
David Sloan
Chairman

Dated: _____, 2011

BAY CITY PARTNERS LLC,
A California limited liability company

By: _____
Rocky Gentner
Member

Dated: 3/16, 2011

BAY CITY PARTNERS LLC,
A California limited liability company

By: Bob Griffith
Bob Griffith
Member

Dated: 3/16, 2011

BAY CITY PARTNERS LLC,
A California limited liability company

By: James Parkhurst
James Parkhurst
Member

Dated: 3/16/2011, 2011

BAY CITY PARTNERS LLC,
A California limited liability company

By: Brian Kyle
Brian Kyle
Member

Dated: 3-16-2011, 2011

BAY CITY PARTNERS LLC,
A California limited liability company

By: Cindy Atkinson
Cindy Atkinson
Member

APPROVED AS TO FORM:

Dated: 3-16, 2011

CITY OF SEAL BEACH,
A municipal corporation

By: Quinn M. Barrow
Quinn M. Barrow
City Attorney of City of Seal Beach

EXHIBIT A

BAY CITY PARTNERS LLC

THE PROPERTY

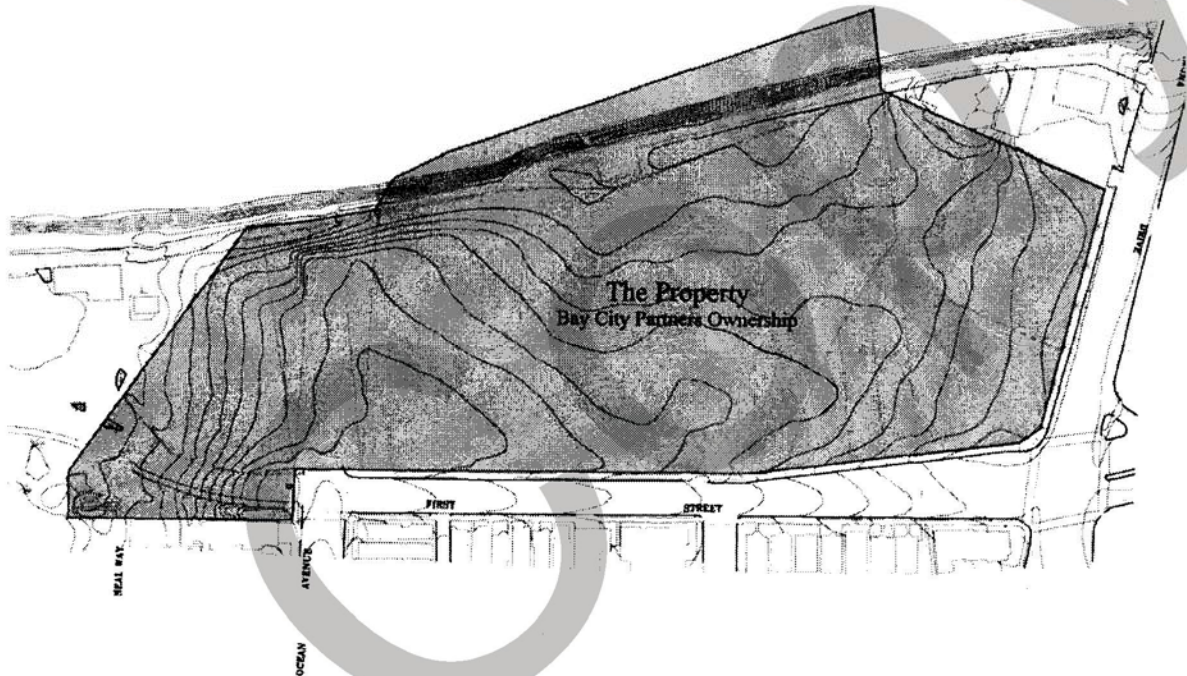


Exhibit A
Legal Description of Property

PARCEL 1:

LOTS 1, 2 AND 3 IN BLOCK 100 OF TRACT NO. 698, IN THE CITY OF SEAL BEACH, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 31, PAGE 27 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THAT PORTION INCLUDED IN THE FINAL ORDER OF CONDEMNATION RECORDED MARCH 23, 1977 IN BOOK 12115, PAGE 201, OFFICIAL RECORDS.

SAID LAND IS INCLUDED WITHIN THE AREA SHOWN ON A MAP FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAID ORANGE COUNTY, IN BOOK 90, PAGES 23 TO 30 INCLUSIVE OF RECORD OF SURVEYS.

PARCEL 2:

THAT PORTION OF TIDE LAND LOCATION NO. 137 (SURVEY NO. 106) AS PATENTED BY THE STATE OF CALIFORNIA ON FEBRUARY 12, 1901 AND RECORDED APRIL 27, 1901 IN BOOK 9, PAGE 105 OF PATENTS, RECORDS OF LOS ANGELES COUNTY AND RECORDED SEPTEMBER 5, 1905 IN BOOK 1, PAGE 231 OF PATENTS, RECORDS OF ORANGE COUNTY DESCRIBED AS FOLLOWS:

BEGINNING AT STATION 49 OF THE BOUNDARY SURVEY OF THE RANCHO LOS ALAMITOS, AS PER MAP RECORDED IN BOOK 1, PAGES 460, 461 AND 462 OF PATENTS OF SAID LOS ANGELES COUNTY; THENCE ALONG SAID BOUNDARY NORTH 63° 00' 00" WEST 230.47 FEET TO A LINE PARALLEL WITH AND 200.00 FEET NORTHWESTERLY FROM THE RANCHO LINE BETWEEN BOUNDARY STATIONS 49 AND 50; THENCE ALONG SAID PARALLEL LINE NORTH 54° 48' 00" EAST 1226.40 FEET TO A LINE PARALLEL WITH AND 30.00 FEET SOUTHWESTERLY FROM THE SOUTHWESTERLY LINE OF THE 200 FOOT STRIP OF LAND DESCRIBED IN QUITCLAIM DEED TO THE PACIFIC ELECTRIC RAILWAY COMPANY RECORDED FEBRUARY 21, 1924 IN BOOK 514, PAGE 44 OF DEEDS OF SAID ORANGE COUNTY; THENCE ALONG SAID SOUTHWESTERLY LINE SOUTH 42° 15' 00" EAST 201.52 FEET TO SAID RANCHO LINE; THENCE SOUTH 54° 48' 00" WEST 1136.60 FEET TO THE POINT OF BEGINNING.

EXCEPT THEREFROM THAT PORTION LYING NORTHEASTERLY OF THE LAND CONVEYED TO THE STATE OF CALIFORNIA FOR HIGHWAY PURPOSES RECORDED IN BOOK 426, PAGE 378 OF DEEDS, OFFICIAL RECORDS OF SAID ORANGE COUNTY, AND SUBSEQUENTLY RELINQUISHED TO THE CITY OF SEAL BEACH BY INSTRUMENT RECORDED IN BOOK 700, PAGE 260 OF OFFICIAL RECORDS OF SAID COUNTY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE BOUNDARY LINE BETWEEN STATIONS 49 AND 50 OF SAID RANCHO LOS ALAMITOS, DISTANT NORTH 54° 48' 00" EAST 213.27 FEET FROM SAID STATION 49; THENCE NORTH 43° 56' 00" WEST 202.36 FEET TO A LINE PARALLEL WITH AND DISTANT NORTHWESTERLY 200.00 FEET FROM SAID BOUNDARY LINE; THENCE NORTH 54° 48' 00" EAST 80.94 FEET ALONG SAID PARALLEL LINE; THENCE SOUTH 43° 56' 00" EAST 202.36 FEET TO SAID BOUNDARY LINE; THENCE SOUTH 54° 48' 00" WEST 80.94 FEET ALONG SAID BOUNDARY LINE TO THE POINT OF BEGINNING.

SAID LAND IS INCLUDED WITHIN THE AREA SHOWN AS PARCEL A IN LICENSE SURVEYORS MAP OF THE TIDELANDS EAST OF NAPLES FILED IN BOOK 2, PAGES 47 AND 48 OF RECORD OF SURVEYS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY OF ORANGE.

PARCEL 3:

THAT PORTION OF THE SOUTH HALF OF SECTION 11, TOWNSHIP 5 SOUTH, RANGE 12 WEST, INCLUDED WITHIN LOT C-1 OF THE RANCHO LOS ALAMITOS, IN THE CITY OF SEAL BEACH, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAPS 1 AND 2 FILED IN DECREE OF PARTITION IN THE SUPERIOR COURT OF CALIFORNIA IN AND FOR THE COUNTY OF LOS ANGELES, CASE NO. 13527, A CERTIFIED COPY OF THE FINAL DECREE OF SAID CASE HAVING BEEN RECORDED FEBRUARY 2, 1891 IN BOOK 14, PAGE 31 OF DEEDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID ORANGE COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT STATION 49 OF SAID RANCHO LOS ALAMITOS; THENCE NORTH $54^{\circ} 42' 05''$ EAST 213.27 FEET ALONG THE WESTERLY BOUNDARY OF SAID RANCHO TO THE SOUTHWESTERLY LINE OF MARINA DRIVE, AS DESCRIBED IN THE DEED TO THE STATE OF CALIFORNIA, RECORDED IN BOOK 436, PAGE 107 OF DEEDS OF SAID ORANGE COUNTY; THENCE ALONG SAID SOUTHWESTERLY LINE SOUTH $44^{\circ} 02'$ EAST 33.50 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE NORTHEAST HAVING A RADIUS OF 940 FEET; THENCE SOUTHEASTERLY 123.71 FEET ALONG SAID CURVE TO THE NORTHEASTERLY PROLONGATION OF THE NORTHWESTERLY LINE OF FIRST STREET, AS SHOWN ON A MAP OF BAY CITY RECORDED IN BOOK 3, PAGE 19 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE SOUTH $31^{\circ} 17' 50''$ WEST 137.49 FEET ALONG SAID PROLONGATION TO THE SOUTHWESTERLY LINE OF SAID LOT C-1; THENCE NORTH $65^{\circ} 02' 10''$ WEST 240.00 FEET TO THE POINT OF BEGINNING.

EXCEPT THAT PORTION DESCRIBED IN THE FINAL ORDER OF CONDEMNATION RECORDED MARCH 23, 1977 IN BOOK 12115, PAGE 201, OFFICIAL RECORDS.

PARCEL 4:

THAT PORTION OF BLOCK B OF BAY CITY, IN THE CITY OF SEAL BEACH, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 3, PAGE 19 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY LYING NORTHWESTERLY OF THE SOUTHWESTERLY PROLONGATION OF THE SOUTHEASTERLY LINE OF FIRST STREET AS SHOWN ON SAID MAP.

EXCEPT THAT PORTION THEREOF LYING NORTHEASTERLY OF THE SOUTHWESTERLY LINE OF OCEAN AVENUE AS DESCRIBED IN THE DEED TO SAID CITY RECORDED JANUARY 23, 1932 IN BOOK 536, PAGE 49 OF OFFICIAL RECORDS.

ALSO EXCEPT THAT PORTION THEREOF LYING SOUTHERLY AND SOUTHWESTERLY OF THE FOLLOWING DESCRIBED LINE:

BEGINNING AT A POINT OF INTERSECTION OF THE SOUTHEASTERLY LINE OF FIRST STREET AND THE SOUTHWESTERLY LINE OF OCEAN AVENUE AS SAID STREETS ARE SHOWN ON THE MAP OF SAID BAY CITY; THENCE ALONG THE SOUTHWESTERLY PROLONGATION OF SAID SOUTHEASTERLY LINE OF FIRST STREET 273.93 FEET TO THE TRUE POINT OF BEGINNING; THENCE NORTH 58° 54' WEST 55.32 FEET; THENCE NORTH 22° 51' WEST 366.64 FEET; THENCE NORTH 24° 31' EAST 78.78 FEET TO THE SOUTHWESTERLY LINE OF OCEAN BOULEVARD, AS SHOWN ON SAID MAP.

PARCEL 5:

THAT PORTION OF BLOCK "B" TOGETHER WITH THAT PORTION OF "OCEAN AVE." A STREET, IN THE BAY CITY TRACT, IN THE CITY OF SEAL BEACH, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 3, PAGE 19 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY LYING WESTERLY OF THE SOUTHERLY PROLONGATION OF THE EASTERLY LINE OF BLOCK "C" OF SAID BAY CITY TRACT DESCRIBED AS FOLLOWS:

BEGINNING AT THE POINT OF INTERSECTION OF THE SOUTHWESTERLY PROLONGATION OF THE NORTHWESTERLY LINE OF FIRST STREET, AS SHOWN ON SAID MAP, WITH THE NORTHEASTERLY LINE OF SAID BLOCK "B"; THENCE NORTH 31° 17' 00" EAST 80.11 FEET ALONG SAID SOUTHWESTERLY PROLONGATION TO THE MOST SOUTHERLY CORNER OF SAID BLOCK "C"; THENCE NORTH 55° 41' 30" WEST 317.56 FEET ALONG THE SOUTHWESTERLY LINE OF SAID BLOCK "C" TO THE EASTERLY LINE OF THE LAND DESCRIBED IN THE DEED TO LOS ANGELES COUNTY FLOOD CONTROL DISTRICT RECORDED MAY 20, 1933 IN BOOK 612, PAGE 317 OF OFFICIAL RECORDS OF SAID ORANGE COUNTY; THENCE SOUTHERLY ALONG THE SOUTHERLY PROLONGATION OF SAID EASTERLY LINE, AND THE SEAL BEACH BOUNDARY AGREEMENT NO. 2, RECORDED APRIL 8, 1968 IN BOOK 8565, PAGE 1 OF OFFICIAL RECORDS OF SAID ORANGE COUNTY TO THE NORTHERLY TERMINUS OF THE AGREEMENT LINE BETWEEN THE STATE LANDS COMMISSION AND THE CITY OF SEAL BEACH AND THE CITY OF LOS ANGELES RECORDED AUGUST 9, 1967 IN BOOK 8336 PAGE 954 OF OFFICIAL RECORDS OF SAID ORANGE COUNTY; THENCE SOUTH 24° 31' 00" WEST 60.00 FEET ALONG LAST SAID AGREEMENT LINE TO THE SOUTHWESTERLY CORNER OF THE LAND DESCRIBED IN THE DEED TO THE CITY OF SEAL BEACH RECORDED JANUARY 23, 1932 IN BOOK 536, PAGE 49 OF OFFICIAL RECORDS OF SAID ORANGE COUNTY; THENCE SOUTH 67° 06' 27" EAST 297.06 FEET ALONG THE SOUTHERLY LINE OF SAID LAND OF THE CITY OF SEAL BEACH, SAID SOUTHERLY LINE BEING THE SOUTHERLY LINE OF OCEAN AVENUE AS SET FORTH IN RESOLUTION NO. 197 BY THE TRUSTEES OF THE CITY OF SEAL BEACH AND RECORDED IN SAID BOOK 536, PAGE 49 OF OFFICIAL RECORDS, TO THE POINT OF BEGINNING.

A PORTION OF SAID OCEAN AVE. WAS VACATED UPON APPLICATION OF THE BAYSIDE LAND COMPANY AND ACTION OF THE TRUSTEES OF THE CITY OF SEAL BEACH RECORDED AUGUST 18, 1914 IN MINUTE BOOK 11 AT PAGE 51.

PARCEL 6:

BLOCK C OF BAY CITY, IN THE CITY OF SEAL BEACH, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 3, PAGE 19 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, AND THAT PORTION OF LOT A-2, IN THE RANCHO LOS ALAMITOS INCLUDED WITHIN SAID CITY OF SEAL BEACH, AS SHOWN ON MAP NO. 1 FILED IN DECREE OF PARTITION IN THE SUPERIOR COURT OF LOS ANGELES COUNTY, CALIFORNIA, CASE NO. 13527, A CERTIFIED COPY OF THE FINAL DECREE OF SAID CASE HAVING BEEN RECORDED FEBRUARY 2, 1891 IN BOOK 14, PAGE 31 OF DEEDS OF SAID ORANGE COUNTY, LYING WESTERLY OF SAID BLOCK C AND LYING NORTHERLY OF THE WESTERLY PROLONGATION OF THE SOUTHWESTERLY LINE OF SAID BLOCK C.

EXCEPT FROM THE ABOVE DESCRIBED PORTION OF SAID LOT A-2 THAT PORTION THEREOF LYING WESTERLY AND SOUTHERLY OF THE FOLLOWING DESCRIBED LINE:

BEGINNING AT A POINT NORTH 65° 00' 00" WEST, 330.00 FEET FROM STATION NO. 49 OF THE PATENT BOUNDARY LINE OF THE RANCHO LOS ALAMITOS, BEING IN THE NORTHEASTERLY LINE OF SAID BLOCK "C" AND ON THE EASTERN SHORE OF THE INLET FROM THE PACIFIC OCEAN TO ALAMITOS BAY; THENCE SOUTH 12° 00' 00" WEST, 347.80 FEET; THENCE SOUTH 6° 00' 00" WEST, 69.95 FEET; THENCE SOUTH 29° 15' 00" EAST, 38.72 FEET TO THE POINT OF INTERSECTION WITH THE NORTHEASTERLY LINE OF OCEAN AVE., AS SHOWN ON AFORESAID MAP OF BAY CITY; THENCE SOUTH 55° 43' 00" EAST, ALONG SAID LINE OF OCEAN AVENUE 325.63 FEET TO THE SOUTHEASTERLY CORNER OF SAID BLOCK "C".

ALSO EXCEPT THAT PORTION THEREOF INCLUDED WITHIN TRACT 698, AS PER MAP RECORDED IN BOOK 31, PAGE 27 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

ALSO EXCEPT THAT PORTION DESCRIBED IN THE FINAL ORDER OF CONDEMNATION RECORDED MARCH 23, 1977 IN BOOK 12115, PAGE 201, OFFICIAL RECORDS.

EXCEPT FROM SAID PARCELS 1 THROUGH 6 ALL WATER AND WATER RIGHTS APPURTENANT WHETHER SURFACE OR SUBSURFACE AND ALSO EXCEPT THEREFROM ALL OIL, GAS, AND PETROLEUM, OR OTHER MINERAL OR HYDROCARBON SUBSTANCES, WITHOUT THE RIGHT TO ENTER UPON THE SURFACE OF SAID LAND FOR SUCH USE, AS RESERVED BY THE CITY OF LOS ANGELES, A MUNICIPAL CORPORATION,⁹ IN THE GRANT DEED RECORDED MAY 27, 2003 AS INSTRUMENT NO. 2003000612579, OF OFFICIAL RECORDS.

END OF LEGAL DESCRIPTION

BOUNDARY AND EASEMENT MAP

RECEIVED

- [illegible]

COAST SURVEYING, INC.
15031 PARKWAY LOOP, SUITE 8
TUSTIN, CALIFORNIA 92780-8527

[illegible][illegible]

By contrast, some critics are based on the narrow effects of a specific tax. Critics claim that the new tax will reduce the supply of cigarettes by 10 percent, or 1.5 billion cigarettes, or 1.5 percent of the total supply of cigarettes. This is a very small effect.

- [illegible]

WOMEN AND THE STATE IN SWEDEN

[illegible]

PREPARED FOR:

BAY CITY PARTNERS, LLC
AND
CHICAGO TITLE COMPANY

| DATE | REVISIONS | BY | DATE |
|------------------|-----------|----|------|
| NOVEMBER 8, 2002 | | | |
| JOB NUMBER | | | |
| 103-063 | | | |



- REMARKS:**
- 1) THE FOLLOWING FIELD NOTES TO OAKLAND TITLE COMPANY REPORT NO. 7100000-1000
DATED OCTOBER 10, 1904.
 - 2) EXAMINER FOR OAKLAND TITLE COMPANY TO LOS ANGELES COUNTY PLANO CORRAL, DISTRICT
RECORDED MAP 20, 1885, IN BOOK 112, PAGE 217 OF OFFICIAL RECORDS.
 - 3) UNRECORDED OR, AND OLD LANE AND POINT BETWEEN LOS ANGELES COUNTY
PLANO CORRAL, DISTRICT AND PLANO CORRAL, DISTRICT AND PLANO CORRAL, DISTRICT
OF OFFICIAL RECORDS.
 - 4) EXAMINER FOR OAKLAND TITLE COMPANY TO OAKLAND TITLE COMPANY REPORT NO. 7100000-1000
DATED OCTOBER 10, 1904.
- SUPPLEMENTAL NOTES:**
- 1) THE FOLLOWING FIELD NOTES TO OAKLAND TITLE COMPANY REPORT NO. 7100000-1000
DATED OCTOBER 10, 1904.
 - 2) EXAMINER FOR OAKLAND TITLE COMPANY TO LOS ANGELES COUNTY PLANO CORRAL, DISTRICT
RECORDED MAP 20, 1885, IN BOOK 112, PAGE 217 OF OFFICIAL RECORDS.
 - 3) UNRECORDED OR, AND OLD LANE AND POINT BETWEEN LOS ANGELES COUNTY
PLANO CORRAL, DISTRICT AND PLANO CORRAL, DISTRICT AND PLANO CORRAL, DISTRICT
OF OFFICIAL RECORDS.
 - 4) EXAMINER FOR OAKLAND TITLE COMPANY TO OAKLAND TITLE COMPANY REPORT NO. 7100000-1000
DATED OCTOBER 10, 1904.

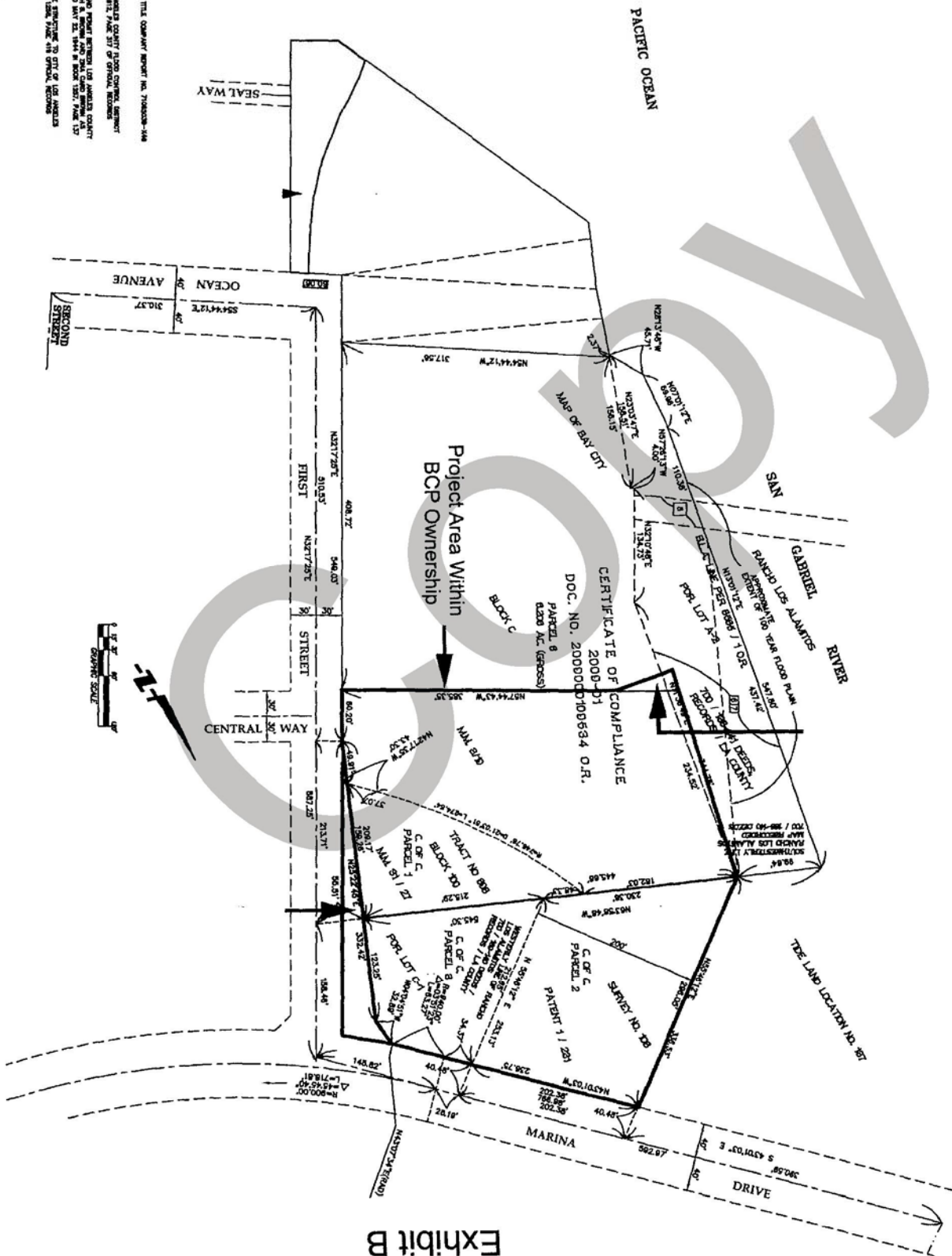


Exhibit B

EXHIBIT "C-1"

LEGAL DESCRIPTION "PROPOSED RESIDENTIAL PROJECT AREA"

LOT "D"

LOTS 1, 2 AND 3 IN BLCOK 100 OF TRACT NO. 698, IN THE CITY OF SEAL BEACH, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 31, PAGE 27 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THAT PORTION INCLUDED IN THE FINAL ORDER OF CONDEMANATION RECORDED MARCH 23, 1977 IN BOOK 12115, PAGE 201, OF OFFICIAL RECORDS.

SAID LAND IS INCLUDED WITHIN THE AREA SHOWN ON A MAP FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAID ORANGE COUNTY, IN BOOK 90, PAGES 23 TO 30 INCLUSIVE OF RECORD OF SURVEY.

LOT "E"

THAT PORTION OF TIDE LAND LOCATION NO. 137 (SURVEY NO. 106) AS PATENTED BY THE STATE OF CALIFORNIA ON FEBRUARY 12, 1901 AND RECORDED APRIL 27, 1901 IN BBOK 9, PAGE 105 OF PATENTES, RECORDS OF LOS ANGELES COUNTY AND RECORDED SEPTEMBER 5, 1905 IN BOOK 1, PAGE 231 OF PATENTES, RECORDS OF ORANGE COUNTY DESCRIBED AS FOLLOWS:

BEGINNING AT THE STATION 49 OF THE BOUNDARY SURVEY OF THE RANCHO LOS ALAMITOS, AS PER MAP RECORDED IN BOOK 1, PAGES 460, 461 AND 462 OF PATENTS OF SAID LOS ANGELES COUNTY; THENCE ALONG SAID BOUNDARY NORTH 65° 00' 00" WEST 230.47 FEET TO A LINE PARALLEL WITH AND 200.00 FEET NORTHWESTERLY FROM THE RANCHO LINE BETWEEN BOUNDARY STATIONS 49 AND 50; THENCE ALONG SAID PARALLEL LINE NORTH 54° 48' 00" EAST 1226.40 FEET TO A LINE PARALLEL WITH AND 30.00 FEET SOUTHWESTERLY FROM THE SOUTHWETERLY LINE OF THE 200 FOOT STRIP OR LAND DESCRIBED IN QUITCLAIM DEED TO THE PACIFIC ELECTRIC RAILWAY COMPANY RECORDED FEBRUARY 21, 1924 IN BOOK 514, PAGE 44 OF DEEDS OF SAID ORANGE COUNTY; THENCE ALONG SAID SOUTHWESTERLY LINE SOUTH 42° 15' 00" EAST 201.52 FEET TO SAID RANCHO LINE; THENCE SOUTH 54° 48' 00" WESTE 1136.60 FEET TO THE POINT OF BEGINNING.

EXCEPT THEREFROM THAT PORTION LYING NORTHEASTERLY OF THE LAND CONVEYED TO THE STATE OF CALIFORNIA FOR HIGHWAY PURPOSES RECORDED IN BOOK 426, PAGE 378 OF DEEDS, OFFICIAL RECORDS OF SAID ORANGE COUNTY, AND SUBSEQUENTLY RELIQUISHED TO THE CITY OF SEAL BEACH BY INSTRUMENT RECORDED IN BOOK 700, PAGE 260 OF OFFICIAL RECORDS OF SAID COUNTY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE BOUNDARY LINE BETWEEN STATIONS 49 AND 50 OF SAID RANCHO LOS ALAMITOS DISTANT NORTH 54° 48' 00" EAST 213.27 FEET FROM SAID STATION 49; THENCE NORTH 43° 56' 00" WEST 202.36 FEET TO A LINE PARALLEL WITH AND DISTANT NORTHWESTERLY 200.00 FEET FROM SAID BOUNDARY LINE; THENCE NORTH 54° 48' 00" EAST 80.94 FEET ALONG SAID PARALLEL LINE; THENCE SOUTH 43° 56' 00" EAST 202.36' FEET TO SAID BOUNDARY LINE; THENCE SOUTH 54° 48' 00" WEST 80.94 FEET ALONG SAID BOUNDARY LINE TO THE POINT OF BEGINNING.

SAID LAND IS INCLUDED WITHIN THE AREA SHOWN AS PARCEL A IN LICENSE SURVEYORS MAP OF THE TIDELANDS EAST OF NAPLES FILED IN BOOK 2, PAGES 47 AND 48

OF RECORD OF SURVEYS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY OF ORANGE.

LOT "F"

THAT PORTION OF THE SOUTH HALF OF SECTION 11, TOWNSHIP 5 SOUTH, RANGE 12 WEST, INCLUDED WITHIN LOT C-1 OF THE RANCHO LOS ALAMITOS, IN THE CITY OF SEAL BEACH, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAPS 1 AND 2 FILED IN DECREE OF PARTITION IN THE SUPERIOR COURT OF CALIFORNIA IN AND FOR THE COUNTY OF LOS ANGELES, CASE NO. 13527, A CERTIFIED COPY OF THE FINAL DECREE OF SAID CASE HAVING BEEN RECORDED FEBRUARY 2, 1891 IN BOOK 14, PAGE 31 OF DEEDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID ORANGE COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT STATION 49 OF SAID RANCHO LOS ALAMITOS; THENCE NORTH 54° 42' 05" EAST 213.27 FEET ALONG THE WESTERLY BOUNDARY OF SAID RANCHO TO THE SOUTHWESTERLY LINE OF MARINA DRIVE, AS DESCRIBED IN THE DEED TO THE STATE OF CALIFORNIA, RECORDED IN BOOK 436, PAGE 107 OF DEEDS OF SAID ORANGE COUNTY; THENCE ALONG SAID SOUTHWESTERLY LINE SOUTH 44° 02" EAST 33.50 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE NORTHEAST HAVING A RADIUS OF 940 FEET; THENCE SOUTHEASTERLY 123.71 FEET ALONG SAID CURVE TO THE NORTHEASTERLY PROLONGATION OF THE NORTHWESTERLY LINE OF FIRST STREET, AS SHOWN ON A MAP OF BAY CITY RECORDED IN BOOK 3, PAGE 19 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE SOUTH 31° 17' 50" WEST 137.49 FEET ALONG SAID PROLONGATION TO THE SOUTHWESTERLY LINE OF SAID LOT C-1; THENCE NORTH 65° 02' 10" WEST 240.00 FEET TO THE POINT OF BEGINNING.

EXCEPT THAT PORTION DESCRIBED IN THE FINAL ORDER OF CONDEMNATION RECORDED MARCH 23, 1977 IN BOOK 12115, PAGE 201, OFFICIAL RECORDS.

LOT "G"

BLOCK "C" OF BAY CITY, IN THE CITY OF SEAL BEACH, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 3, PAGE 19 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, AND THAT PORTION OF LOT A-2, IN THE RANCHO LOS ALAMITOS INCLUDED WITHIN SAID CITY OF SEAL BEACH, AS SHOWN ON MAP NO. 1 FILED IN DECREE OF PARTITION IN THE SUPERIOR COURT OF LOS ANGELES COUNTY, CALIFORNIA, CASE NO. 13527, A CERTIFIED COPY OF THE FINAL DECREE OF SAID CASE HAVING BEEN RECORDED FEBRUARY 2, 1891 IN BOOK 14, PAGE 31 OF DEEDS OF SAID ORANGE COUNTY, LYING WESTERLY OF SAID BLOCK "C" AND LYING NORTHERLY OF THE WESTERLY PROLONGATION OF THE SOUTHWESTERLY LINE OF SAID BLOCK "C".

ALSO EXCEPT THAT PORTION THEREOF INCLUDED WITHIN TRACT 698, AS PER MAP RECORDED IN BOOK 31, PAGE 27 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

ALSO EXCEPT THAT PORTION DESCRIBED IN THE FINAL ORDER OF CONDEMNATION RECORDED MARCH 23, 1977 IN BOOK 12155, PAGE 201, OF OFFICIAL RECORDS.

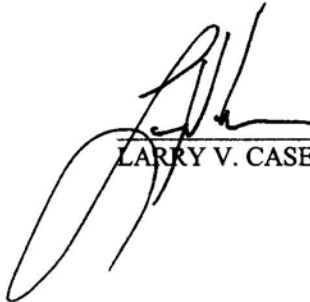
ALSO EXCEPT THAT PORTION THEREOF LYING SOUTHEASTERLY AND WESTERLY OF THE FOLLOWING DESCRIBED LINE:

BEGINNING AT THE SOUTHEASTERLY LINE OF SAID BLOCK "C" OF BAY CITY, BEING 60.20' SOUTHERLY FROM THE MOST SOUTHERLY POINT OF THE LAND INCLUDED IN THE FINAL ORDER OF CONDEMNATION RECORDED MARCH 23, 1977 IN BOOK 12115, PAGE 201, OF

OFFICIAL RECORDS; THENCE NORTH 58° 53' 38" WEST, 321.92 FEET; THENCE NORTH 76° 07' 33" WEST, 88.88 FEET; THENCE NORTH 16° 24' 59" EAST, 179.66 FEET; THENCE NORTH 13° 52' 27" EAST, 74.66 FEET TO A POINT IN THE NORTHEASTERLY LINE OF SAID BLOCK "C" DISTANT NORTH 65° 00' 00" WEST, 238.07 FEET FROM STATION 49 OF THE RANCHO LOS ALAMITOS AS SHOWN ON SAID MAP OF BAY CITY.

ALL AS SHOWN ON EXHIBIT "A" ATTACHED HERETO AND BY THIS REFERENCE MADE A PART HEREOF.

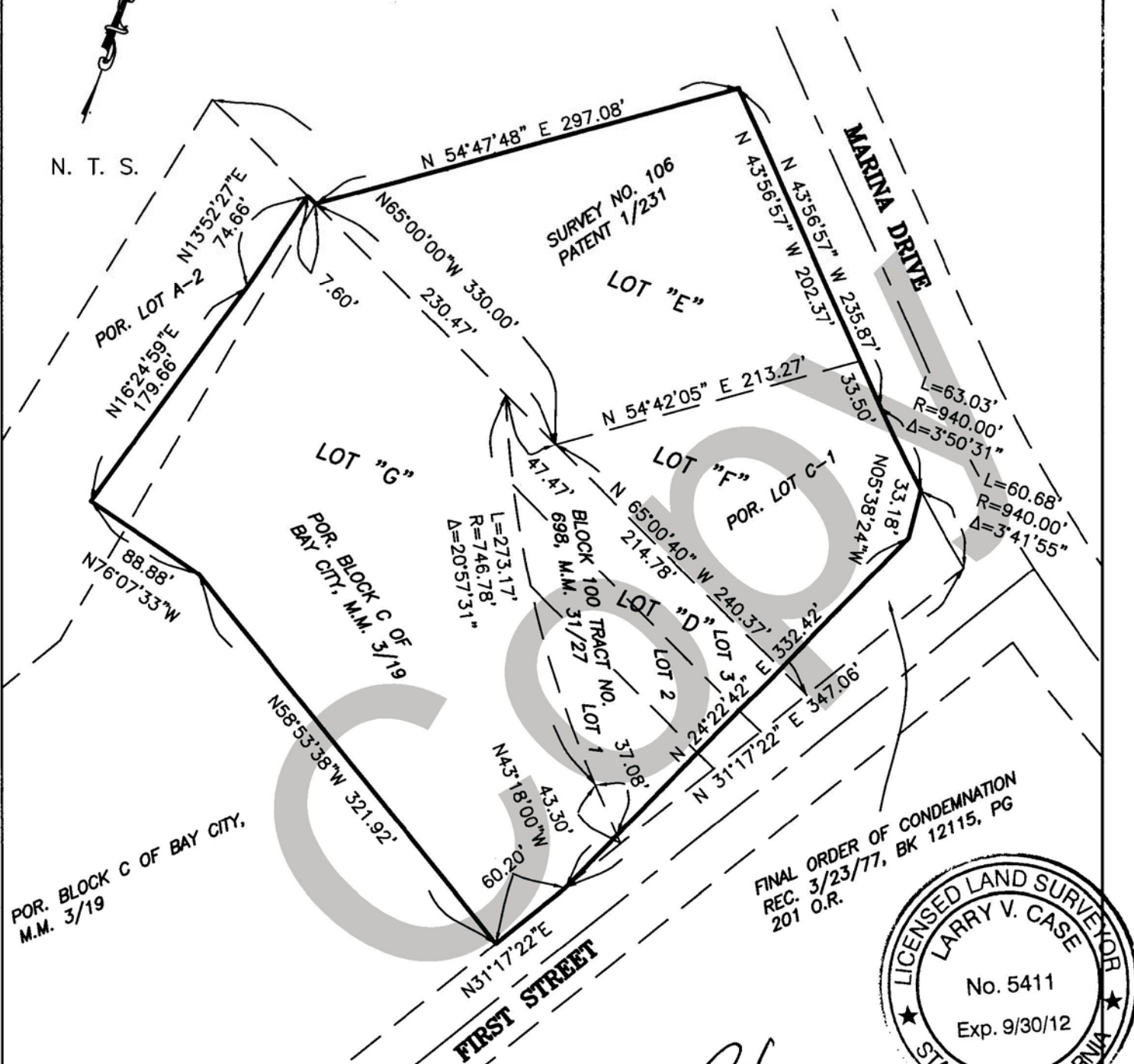
PREPARED BY:

 3-17-11
LARRY V. CASE, L.S. No. 5411



Totals = 4.274 ac.

EXHIBIT "A"



~~LARRY V. CASE~~

L.S. 5411

PREPARED IN THE OFFICE OF:

Case Land Surveying, Inc.

Surveying Mapping GPS Services
614 Eckhoff St.
Orange, CA. 92868
Tel (714) 628-8948
Fax (714) 628-8905

CITY OF SEAL BEACH

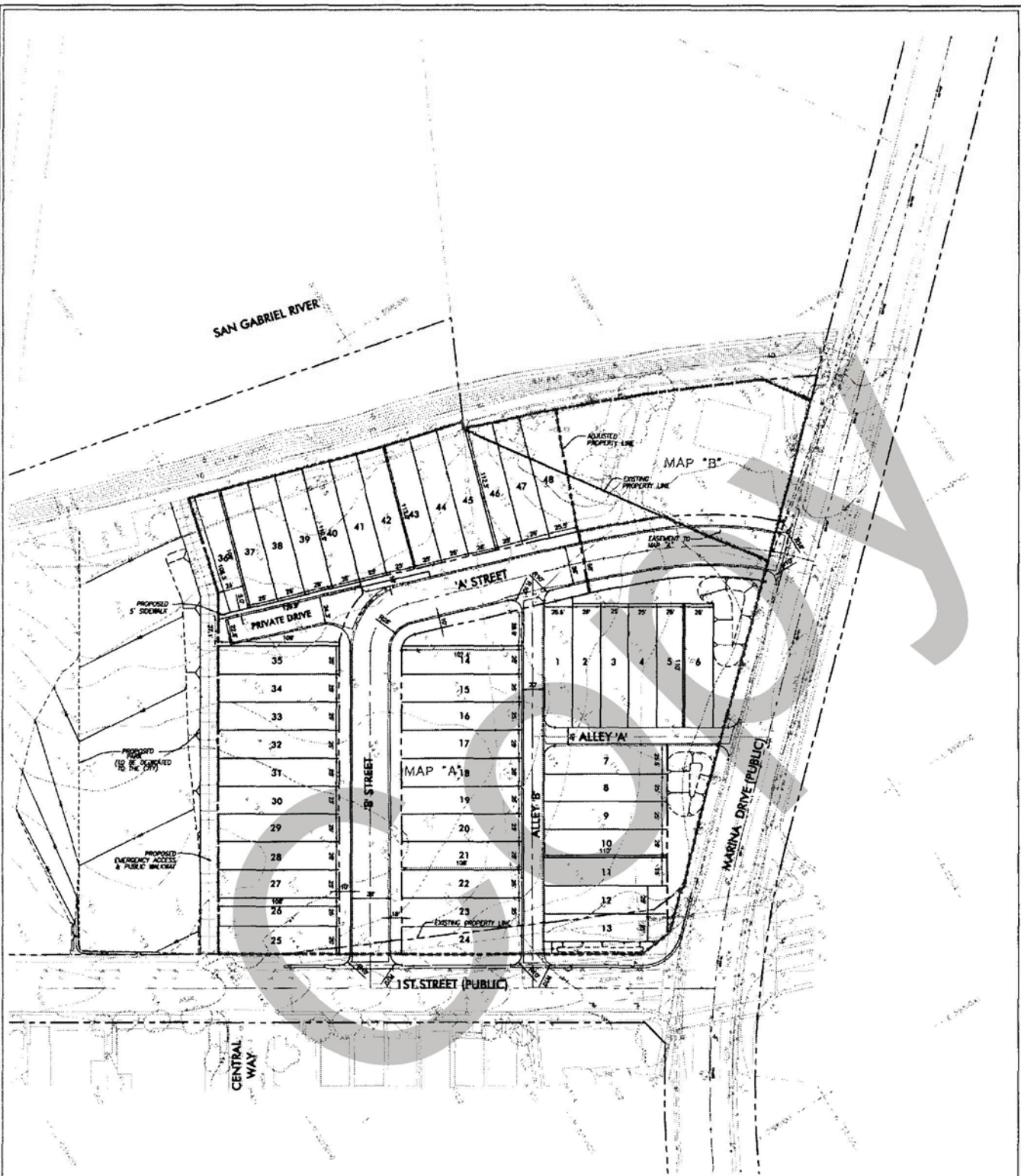
PROPOSED RESIDENTIAL PROJECT AREA

POR. OF BLOCK C, BAY CITY MAP BK 3,
PG. 19, OF MAPS, & POR. LOTS 1, 2 &
3 TR 698, MM 31/27 COUNTY OF
ORANGE, STATE OF CALIFORNIA.

SHEET
1

OF 1

JOB No.
11-SEA-791



LEGEND

- EXISTING RIGHT OF WAY
- EXISTING PROPERTY LINE
- PROPOSED STREET CENTERLINE
- PROPOSED RIGHT OF WAY
- PROPOSED CURB
- PROPOSED LOTLINE
- EXISTING OIL LINE
- EXISTING STORM DRAIN LINE
- EXISTING WATER LINE
- MAP "A" BOUNDARY
- MAP "B" BOUNDARY

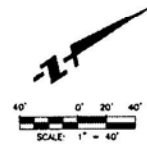


EXHIBIT C-2

Proposed Residential Project Plans
OCEAN PLACE DEVELOPMENT PLAN
SEAL BEACH, CALIFORNIA

**EXHIBIT D
CITY PARCEL**

**LEGAL DESCRIPTION
"CITY PARCEL"**

LOT "A"

THAT PORTION BLOCK "B" OF BAY CITY, IN THE CITY OF SEAL BEACH, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 3, PAGE 19 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY LYING NORTHWESTERLY OF THE SOUTHWESTERLY PROLONGATION OF THE SOUTHEASTERLY LINE OF FIRST STREET AS SHOWN ON SAID MAP.

EXCEPT THAT PORTION THEREOF LYING NORTHEASTERLY OF THE SOUTHWESTERLY LINE OF OCEAN AVENUE AS DESCRIBED IN THE DEED TO SAID CITY RECORDED JANUARY 23, 1932 IN BOOK 536, PAGE 49 OF OFFICIAL RECORDS.

ALSO EXCEPT THAT PORTION THEREOF LYING SOUTHERLY AND SOUTHWESTERLY OF THE FOLLOWING DESCRIBED LINE:

BEGINNING AT A POINT OF INTERSECTION OF THE SOUTHEASTERLY LINE OF FIRST STREET AND THE SOUTHWESTERLY LINE OF OCEAN AVENUE AS SAID STREETS ARE SHOWN ON THE MAP OF SAID BAY CITY; THENCE ALONG THE SOUTHWESTERLY PROLONGATION OF SAID SOUTHEASTERLY LINE OF FIRST STREET 273.93 FEET TO THE TRUE POINT OF BEGINNING; THENCE NORTH 58° 54' WEST 55.32 FEET; THENCE NORTH 22° 51' WEST 366.64 FEET; THENCE NORTH 24° 31' EAST 78.78 FEET TO THE SOUTHWESTERLY LINE OF OCEAN BOULEVARD, AS SHOWN ON SAID MAP.

LOT "B"

THAT PORTION OF BLOCK "B" TOGETHER WITH THAT PORTION OF "OCEAN AVE." A STREET, IN THE BAY CITY TRACT, IN THE CITY OF SEAL BEACH, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 3, PAGE 19 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY LYING WESTERLY OF THE SOUTHERLY PROLONGATION OF THE EASTERLY LINE OF BLOCK "C" OF SAID BAY CITY TRACT DESCRIBED AS FOLLOWS:

BEGINNING AT THE POINT OF INTERSECTION OF THE SOUTHWESTERLY PROLONGATION OF THE NORTHWESTERLY LINE OF FIRST STREET, AS SHOWN ON SAID MAP, WITH THE NORTHEASTERLY LINE OF SAID BLOCK "B"; THENCE NORTH 31° 17' 00" EAST 80.11 FEET ALONG SAID SOUTHWESTERLY PROLONGATION TO THE MOST SOUTHERLY CORNER OF SAID BLOCK "C"; THENCE NORTH 55° 41' 30" WEST 317.56 FEET ALONG THE SOUTHWESTERLY LINE OF SAID BLOCK "C" TO THE EASTERLY LINE OF THE LAND DESCRIBED IN THE DEED TO LOS ANGELES COUNTY FLOOD CONTROL DISTRICT RECORDED MAY 20, 1933 IN BOOK 612, PAGE 317 OF OFFICIAL RECORDS OF SAID ORANGE COUNTY; THENCE SOUTHERLY ALONG THE SOUTHERLY PROLONGATION OF SAID EASTERLY LINE, ALONG THE SEAL BEACH BOUNDARY AGREEMENT NO. 2, RECORDED APRIL 8, 1968 IN BOOK 8565, PAGE 1 OF OFFICIAL RECORDS OF SAID ORANGE COUNTY TO THE NORTHERLY TERMINUS OF THE AGREEMENT LINE BETWEEN THE STATE LANDS COMMISSION AND THE CITY OF SEAL BEACH AND THE CITY OF LOS ANGELES RECORDED AUGUST 9, 1967 IN BOOK 8336 PAGE 954 OF OFFICIAL RECORDS OF SAID ORANGE COUNTY; THENCE SOUTH 24° 31' 00" WEST 60.00 FEET ALONG LAST SAID AGREEMENT LINE TO THE SOUTHWESTERLY CORNER OF THE LAND DESCRIBED IN THE DEED TO THE CITY OF SEAL BEACH RECORDED JANUARY 23, 1932 IN BOOK 536, PAGE 49 OF OFFICIAL RECORDS OF SAID ORANGE COUNTY; THENCE SOUTH 67° 06' 27" EAST 297.06 FEET ALONG THE SOUTHERLY LINE OF SAID LAND OF THE CITY OF SEAL BEACH, SAID SOUTHERLY LINE BEING THE SOUTHERLY LINE OF OCEAN AVENUE AS SET FORTH IN RESOLUTION NO. 197

BY THE TRUSTEES OF THE CITY OF SEAL BEACH AND RECORDED IN BOOK 536, PAGE 49 OF OFFICIAL RECORDS, TO THE POINT OF BEGINNING.

A PORTION OF SAID OCEAN AVENUE WAS VACATED UPON APPLICATION OF THE BAYSIDE LAND COMPANY AND ACTION OF THE TRUSTEES OF THE CITY OF SEAL BEACH RECORDED AUGUST 18, 1914 IN MINUTE BOOK 11 AT PAGE 51.

LOT "C"

BLOCK "C" OF BAY CITY, IN THE CITY OF SEAL BEACH, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 3, PAGE 19 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, AND THAT PORTION OF LOT A-2, IN THE RANCHO LOS ALAMITOS INCLUDED WITHIN SAID CITY OF SEAL BEACH, AS SHOWN ON MAP NO. 1 FILED IN DECREE OF PARTITION IN THE SUPERIOR COURT OF LOS ANGELES COUNTY, CALIFORNIA, CASE NO. 13527, A CERTIFIED COPY OF THE FINAL DECREE OF SAID CASE HAVING BEEN RECORDED FEBRUARY 2, 1891 IN BOOK 14, PAGE 31 OF DEEDS OF SAID ORANGE COUNTY, LYING WESTERLY OF SAID BLOCK "C" AND LYING NORTHERLY OF THE WESTERLY PROLONGATION OF THE SOUTHWESTERLY LINE OF SAID BLOCK "C".

EXCEPT FROM THE ABOVE DESCRIBED PORTION OF SAID LOT A-2 THAT PORTION THEREOF LYING WESTERLY AND SOUTHERLY OF THE FOLLOWING DESCRIBED LINE:


BEGINNING AT A POINT NORTH 65° 00' 00" WEST, 330.00 FEET FROM STATION NO. 49 OF THE PATENT BOUNDARY LINE OF THE RANCHO LOS ALAMITOS, BEING IN THE NORTHEASTERLY LINE OF SAID BLOCK "C" AND ON THE EASTERN SHORE OF THE INLET FROM THE PACIFIC OCEAN TO ALAMITOS BAY; THENCE SOUTH 12° 00' 00" WEST, 547.80 FEET; THENCE SOUTH 6° 00' 00" WEST, 69.95 FEET; THENCE SOUTH 29° 15' 00" EAST, 38.72 FEET TO THE POINT OF INTERSECTION WITH THE NORTHEASTERLY LINE OF OCEAN AVENUE, AS SHOWN ON AFORESAID MAP OF BAY CITY; THENCE SOUTH 55° 43' 00" EAST, ALONG SAID LINE OF OCEAN AVENUE 325.63 FEET TO THE SOUTHEASTERLY CORNER OF SAID BLOCK "C".

ALSO EXCEPT THAT PORTION THEREOF LYING NORTHEASTERLY AND EASTERLY OF THE FOLLOWING DESCRIBED LINE:

BEGINNING AT THE SOUTHEASTERLY LINE OF SAID BLOCK "C" OF BAY CITY, BEING 60.20' SOUTHERLY FROM THE MOST SOUTHERLY POINT OF THE LAND INCLUDED IN THE FINAL ORDER OF CONDEMNATION RECORDED MARCH 23, 1977 IN BOOK 12115, PAGE 201, OF OFFICIAL RECORDS; THENCE NORTH 58° 53' 38" WEST, 321.92 FEET; THENCE NORTH 76° 07' 33" WEST, 88.88 FEET; THENCE NORTH 16° 24' 59" EAST, 179.66 FEET; THENCE NORTH 13° 52' 27" EAST, 74.66 FEET TO A POINT IN THE NORTHEASTERLY LINE OF SAID BLOCK "C" DISTANT NORTH 65° 00' 00" WEST, 238.07 FEET FROM STATION 49 OF THE RANCHO LOS ALAMITOS AS SHOWN ON SAID MAP OF BAY CITY.

ALL AS SHOWN ON EXHIBIT "B" ATTACHED HERETO AND BY THIS REFERENCE MADE A PART HEREOF.

PREPARED BY:

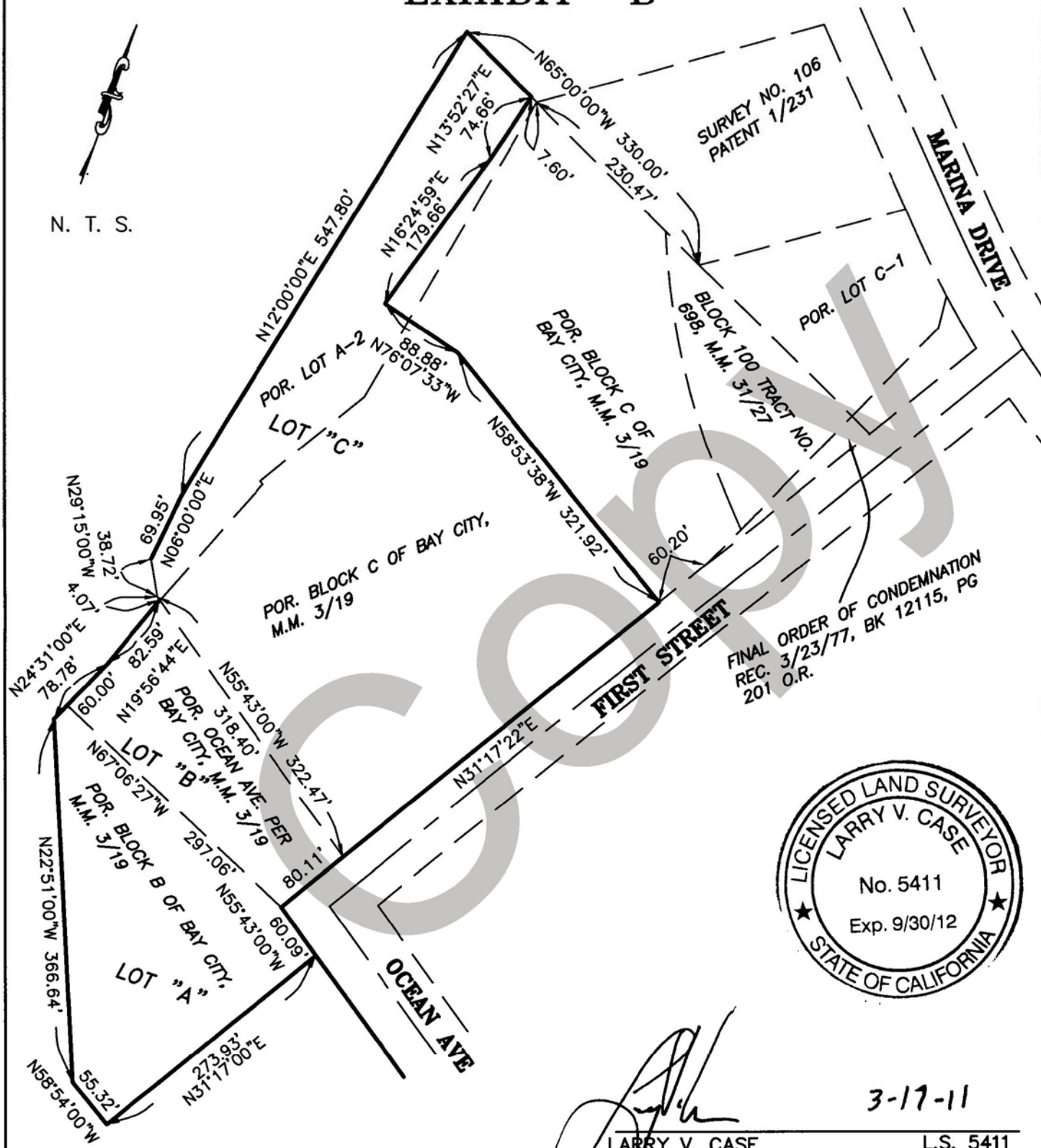

LARRY V. CASE, L.S. No. 5411

3-17-11



Totals: 6.412 ac.

EXHIBIT "B"



PREPARED IN THE OFFICE OF:

Case Land Surveying, Inc.

Surveying Mapping GPS Services
614 Eckhoff St.
Orange, CA. 92868
Tel (714) 628-8948
Fax (714) 628-8905

CITY OF SEAL BEACH

CITY PARCEL

POR. OF BLOCKS B, C AND OCEAN AVE.
OF BAY CITY IN BOOK 3, PAGE 19, OF
MAPS, COUNTY OF ORANGE, STATE OF
CALIFORNIA.

SHEET
1
OF 1

JOB No.
11-SEA-791

EXHIBIT E BIKE TRAIL PARCEL

THOSE PORTIONS OF BLOCKS B AND C AND OCEAN AVENUE AS SHOWN ON THE MAP OF BAY CITY, IN THE CITY OF SEAL BEACH, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 3, PAGE 19 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE WESTERLY CORNER OF BLOCK B AS SHOWN ON RECORD OF SURVEY 2002-1090, RECORDED IN BOOK 193, PAGE 47 OF RECORDS OF SURVEY, IN THE OFFICE OF SAID COUNTY RECORDER; THENCE ALONG THE NORTHWESTERLY LINE OF SAID BLOCK B AND ALONG THE NORTHWESTERLY LINE OF OCEAN AVENUE THE FOLLOWING TWO (2) COURSES:

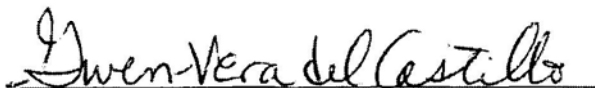
1. NORTH 25°31'25" EAST 78.63 FEET;
2. NORTH 21°26'49" EAST 80.01 FEET TO THE SOUTHERLY CORNER OF THE LAND DESCRIBED IN THE EASEMENT DEED TO THE LOS ANGELES COUNTY FLOOD CONTROL DISTRICT RECORDED MAY 20, 1933 IN BOOK 612, PAGE 317 OFFICIAL RECORDS, IN THE OFFICE OF SAID COUNTY RECORDER;

THENCE ALONG THE SOUTHWESTERLY LINE OF SAID EASEMENT DEED NORTH 28°13'48" WEST 5.29 FEET; THENCE LEAVING SAID SOUTHWESTERLY LINE NORTH 20°35'51" EAST 145.26 FEET; THENCE NORTH 08°18'15" EAST 25.13 FEET; THENCE NORTH 00°42'40" EAST 29.01 FEET; THENCE NORTH 20°50'28" EAST 87.75 FEET; THENCE NORTH 15°52'02" EAST 62.47 FEET; THENCE NORTH 18°18'30" EAST 130.33 FEET; THENCE NORTH 16°20'55" EAST 143.42 FEET; THENCE NORTH 19°04'10" EAST 9.40 FEET TO THE NORTHERLY LINE OF SAID LOT C; THENCE ALONG SAID NORTHERLY LINE SOUTH 63°58'48" EAST 9.76 FEET; THENCE LEAVING SAID NORTHERLY LINE SOUTH 15°01'22" WEST 74.66 FEET; THENCE SOUTH 17°33'54" WEST 179.66 FEET; THENCE SOUTH 74°58'38" EAST 29.41 FEET TO THE SOUTHEASTERLY LINE OF SAID EASEMENT DEED TO THE LOS ANGELES COUNTY FLOOD CONTROL DISTRICT; THENCE ALONG SAID SOUTHEASTERLY LINE SOUTH 11°36'49" WEST 91.41 FEET; THENCE CONTINUING ALONG SAID SOUTHEASTERLY LINE SOUTH 32°10'48" WEST 126.09 FEET; THENCE SOUTH 12°02'48" WEST 13.48 FEET; THENCE SOUTH 23°03'47" WEST 21.18 FEET; THENCE SOUTH 19°47'40" WEST 46.26 FEET; THENCE SOUTH 21°00'17" WEST 127.66 FEET; THENCE SOUTH 20°12'32" WEST 90.35 FEET; THENCE SOUTH 22°43'11" WEST 40.94 FEET TO THE SOUTHWESTERLY LINE OF SAID BLOCK B; THENCE ALONG SAID SOUTHWESTERLY LINE NORTH 21°50'35" WEST 18.54 FEET TO THE POINT OF BEGINNING.

CONTAINING 14,208 SQUARE FEET, MORE OR LESS.

ALL AS MORE PARTICULARLY SHOWN ON EXHIBIT B ATTACHED HERETO AND MADE A PART HEREOF.

DATED THIS 18TH DAY OF MARCH, 2011



GWEN-VERA DEL CASTILLO, PLS 5108



EXHIBIT "B"

COAST

15051 PARKWAY LOOP, SUITE B
 TUSTIN, CA 92780-6527 (714) 918-6266

| BEARING | DISTANCE |
|---------|---------------------|
| 1 | S19°04'10"W 9.40' |
| 2 | S16°20'55"W 143.42' |
| 3 | S18°18'30"W 130.33' |
| 4 | S15°52'02"W 62.47' |
| 5 | S20°50'28"W 87.75' |
| 6 | S00°42'40"W 29.01' |
| 7 | S08°18'15"W 25.13' |
| 8 | S20°35'51"W 145.26' |
| 9 | S28°13'48"E 5.29' |
| 10 | S21°26'49"W 80.01' |
| 11 | S25°31'25"W 78.63' |
| 12 | S21°50'35"E 18.54' |
| 13 | N22°43'11"E 40.94' |
| 14 | N20°12'32"E 90.35' |
| 15 | N21°00'17"E 127.66' |
| 16 | N19°47'40"E 46.26' |
| 17 | N23°03'47"E 21.18' |
| 18 | N12°02'28"E 13.48' |
| 19 | N32°10'48"E 126.09' |
| 20 | N11°36'49"E 91.41' |
| 21 | N74°58'38"W 29.41' |
| 22 | N17°33'54"E 179.66' |
| 23 | N15°01'22"E 74.66' |
| 24 | N63°58'48"W 9.76' |

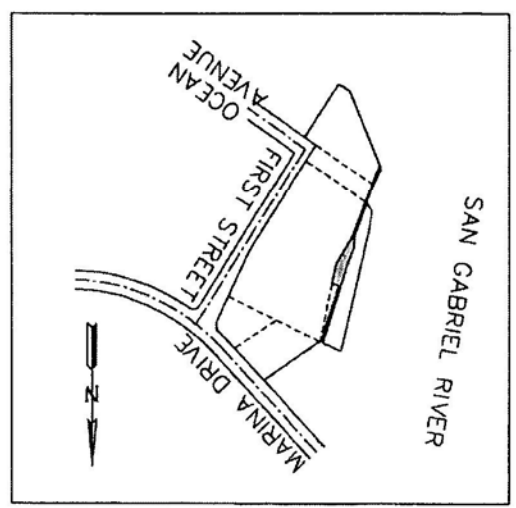
P.O.B.

SAN GABRIEL RIVER

MAP OF BAY CITY
 N.W. 3/19

U.S. N.C. 2003-1000
 F.S.E. 193/47

OCEAN AVENUE
 FIRST STREET



VICINITY MAP
 N.T.S.



L.A.C.F.C.D.
 ESMT. PER
 612/317 O.R.

**EXHIBIT F
DRIVEWAY PARCEL**

A STRIP OF LAND 40.00 FEET WIDE IN BLOCK B OF BAY CITY, IN THE CITY OF SEAL BEACH, COUNTY OF ORANGE, STATE OF CALIFORNIA, PER MAP RECORDED IN BOOK 3, PAGE 19 OF MISCELLANEOUS MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, THE SOUTHEASTERLY LINE OF WHICH STRIP OF LAND IS DESCRIBED AS FOLLOWS:

COMMENCING AT THE POINT OF INTERSECTION OF THE EXTENSION OF THE SOUTHEASTERLY LINE OF FIRST STREET AND THE SOUTHWESTERLY LINE OF OCEAN AVENUE AS SAID STREETS ARE SHOWN ON THE MAP OF SAID BAY CITY; THENCE, NORTH 54°44'12" WEST, 13.95 FEET ALONG THE SOUTHWESTERLY LINE OF OCEAN AVENUE AS SHOWN ON RECORD OF SURVEY NO. 2002-1090 FILED AS INSTRUMENT NO. 2003000516244 IN BOOK 193, PAGE 47 OF RECORDS OF SURVEY IN THE OFFICE OF THE COUNTY RECORDER OF ORANGE COUNTY, STATE OF CALIFORNIA, TO THE TRUE POINT OF BEGINNING, SAID POINT ALSO BEING AT THE INTERSECTION OF A CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 500.00 FEET WITH A RADIAL TO SAID CURVE AT SAID POINT BEARING NORTH 58°15'19" WEST; THENCE, SOUTHWESTERLY, 106.15 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 12°09'49" TO A POINT OF COMPOUND CURVE WITH A CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 200.00 FEET, A RADIAL THROUGH SAID POINT OF COMPOUND CURVE BEARING NORTH 46°05'30" WEST; THENCE, SOUTHWESTERLY, 22.35 FEET ALONG SAID 200.00-FOOT RADIUS CURVE THROUGH A CENTRAL ANGLE OF 6°24'07" TO A POINT OF TANGENCY WITH A LINE BEARING SOUTH 50°18'37" WEST; THENCE, SOUTH 50°18'37" WEST ALONG SAID TANGENT LINE 42.77 FEET TO A POINT OF TANGENCY WITH A CURVE CONCAVE NORTHWESTERLY HAVING A RADIUS OF 90.00 FEET; THENCE, SOUTHWESTERLY, 17.98 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 11°26'52" TO A POINT OF REVERSE CURVE WITH A CURVE CONCAVE SOUTHEASTERLY AND HAVING A RADIUS OF 400.00 FEET, A RADIAL THROUGH SAID POINT OF REVERSE CURVE BEARING SOUTH 28°14'31" EAST; THENCE, SOUTHWESTERLY, 78.24 FEET ALONG SAID 400.00-FOOT RADIUS CURVE THROUGH A CENTRAL ANGLE OF 11°12'25" TO THE SOUTHWESTERLY LINE OF SAID RECORD OF SURVEY NO. 2002-1090.

THE NORTHWESTERLY LINE OF SAID 40.00-FOOT-WIDE STRIP SHALL BE LENGTHENED OR SHORTENED TO TERMINATE SOUTHWESTERLY IN THE SOUTHWESTERLY LINE OF SAID RECORD OF SURVEY AND NORTHEASTERLY IN THE SOUTHWESTERLY LINE OF SAID OCEAN AVENUE.

CONTAINING 10,233 SQUARE FEET, MORE OR LESS.

ALL AS MORE PARTICULARLY SHOWN ON EXHIBIT B ATTACHED HERETO AND MADE A PART HEREOF.

DRIVEWAY EASEMENT

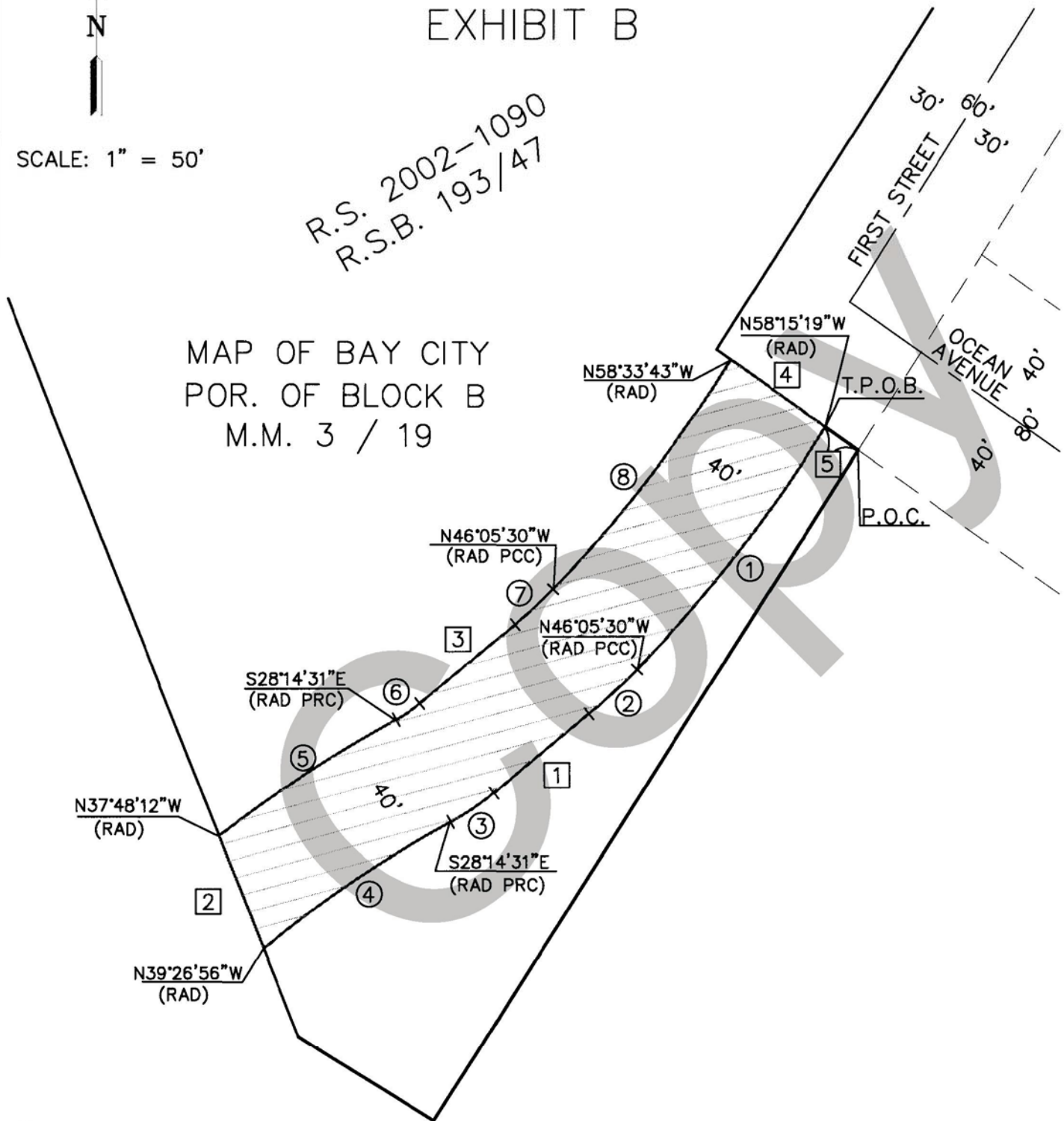
EXHIBIT B



SCALE: 1" = 50'

R.S. 2002-1090
R.S.B. 193/47

MAP OF BAY CITY
POR. OF BLOCK B
M.M. 3 / 19



| ○ DELTA | RADIUS | LENGTH | □ BEARING | DISTANCE |
|---------------|---------|---------|------------------|----------|
| 1 12° 09' 49" | 500.00' | 106.15' | 1 S50° 18' 37" W | 42.77' |
| 2 6° 24' 07" | 200.00' | 22.35' | 2 N21° 50' 35" W | 41.78' |
| 3 11° 26' 52" | 90.00' | 17.98' | 3 N50° 18' 37" E | 42.77' |
| 4 11° 12' 25" | 400.00' | 78.24' | 4 S54° 44' 12" E | 40.08' |
| 5 9° 33' 41" | 440.00' | 73.43' | 5 S54° 44' 12" E | 13.95' |
| 6 11° 26' 52" | 50.00' | 9.99' | | |
| 7 6° 24' 07" | 160.00' | 17.88' | | |
| 8 12° 28' 13" | 460.00' | 100.12' | | |

**EXHIBIT G
SEWER PARCEL**

THAT PORTION OF BLOCK B OF BAY CITY, IN THE CITY OF SEAL BEACH, COUNTY OF ORANGE, STATE OF CALIFORNIA, PER MAP RECORDED IN BOOK 3, PAGE 19 OF MISCELLANEOUS MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE POINT OF INTERSECTION OF THE EXTENSION OF THE SOUTHEASTERLY LINE OF FIRST STREET AND THE SOUTHWESTERLY LINE OF OCEAN AVENUE AS SAID STREETS ARE SHOWN ON THE MAP OF SAID BAY CITY; THENCE, NORTH 54°44'12" WEST, 13.95 FEET ALONG THE SOUTHWESTERLY LINE OF OCEAN AVENUE, AS SHOWN ON RECORD OF SURVEY NO. 2002-1090, FILED AS INSTRUMENT NO. 2003000516244 IN BOOK 193, PAGE 47 OF RECORDS OF SURVEY IN THE OFFICE OF THE COUNTY RECORDER OF ORANGE COUNTY, STATE OF CALIFORNIA, TO A POINT ALSO BEING THE INTERSECTION OF A CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 500.00 FEET WITH A RADIAL TO SAID CURVE AT SAID POINT BEARING NORTH 58°15'19" WEST; THENCE, SOUTHWESTERLY, 106.15 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 12°09'49" TO A POINT OF COMPOUND CURVE WITH A CURVE CONCAVE NORTHWESTERLY HAVING A RADIUS OF 200.00 FEET, A RADIAL THROUGH SAID POINT OF COMPOUND CURVE BEARING NORTH 46°05'30" WEST; THENCE, SOUTHWESTERLY, 22.35 FEET ALONG SAID 200.00-FOOT RADIUS CURVE THROUGH A CENTRAL ANGLE OF 6°24'07" TO A POINT OF TANGENCY WITH A LINE BEARING SOUTH 50°18'37" WEST; THENCE, SOUTH 50°18'37" WEST ALONG SAID TANGENT LINE 42.77 FEET TO A POINT OF TANGENCY WITH A CURVE CONCAVE NORTHWESTERLY HAVING A RADIUS OF 90.00 FEET; THENCE, SOUTHWESTERLY, 17.98 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 11°26'52" TO A POINT OF REVERSE CURVE WITH A CURVE CONCAVE SOUTHEASTERLY HAVING A RADIUS OF 400.00 FEET, A RADIAL THROUGH SAID POINT OF REVERSE CURVE BEARING SOUTH 28°14'31" EAST; THENCE, SOUTHWESTERLY, 78.24 FEET ALONG SAID 400.00-FOOT RADIUS CURVE THROUGH A CENTRAL ANGLE OF 11°12'25" TO THE SOUTHWESTERLY LINE OF SAID RECORD OF SURVEY NO. 2002-1090; THENCE, ALONG THE SOUTHWESTERLY AND SOUTHEASTERLY LINES OF SAID RECORD OF SURVEY THE FOLLOWING COURSES AND DISTANCES:

1. SOUTH 21°50'35" EAST, 32.84 FEET;
2. SOUTH 57°53'35" EAST, 55.32 FEET;
3. NORTH 32°17'25" EAST, 273.93 FEET TO THE POINT OF BEGINNING.

CONTAINING 10,768 SQUARE FEET, MORE OR LESS.

ALL AS MORE PARTICULARLY SHOWN ON EXHIBIT B ATTACHED HERETO AND MADE A PART HEREOF.

SEWER EASEMENT

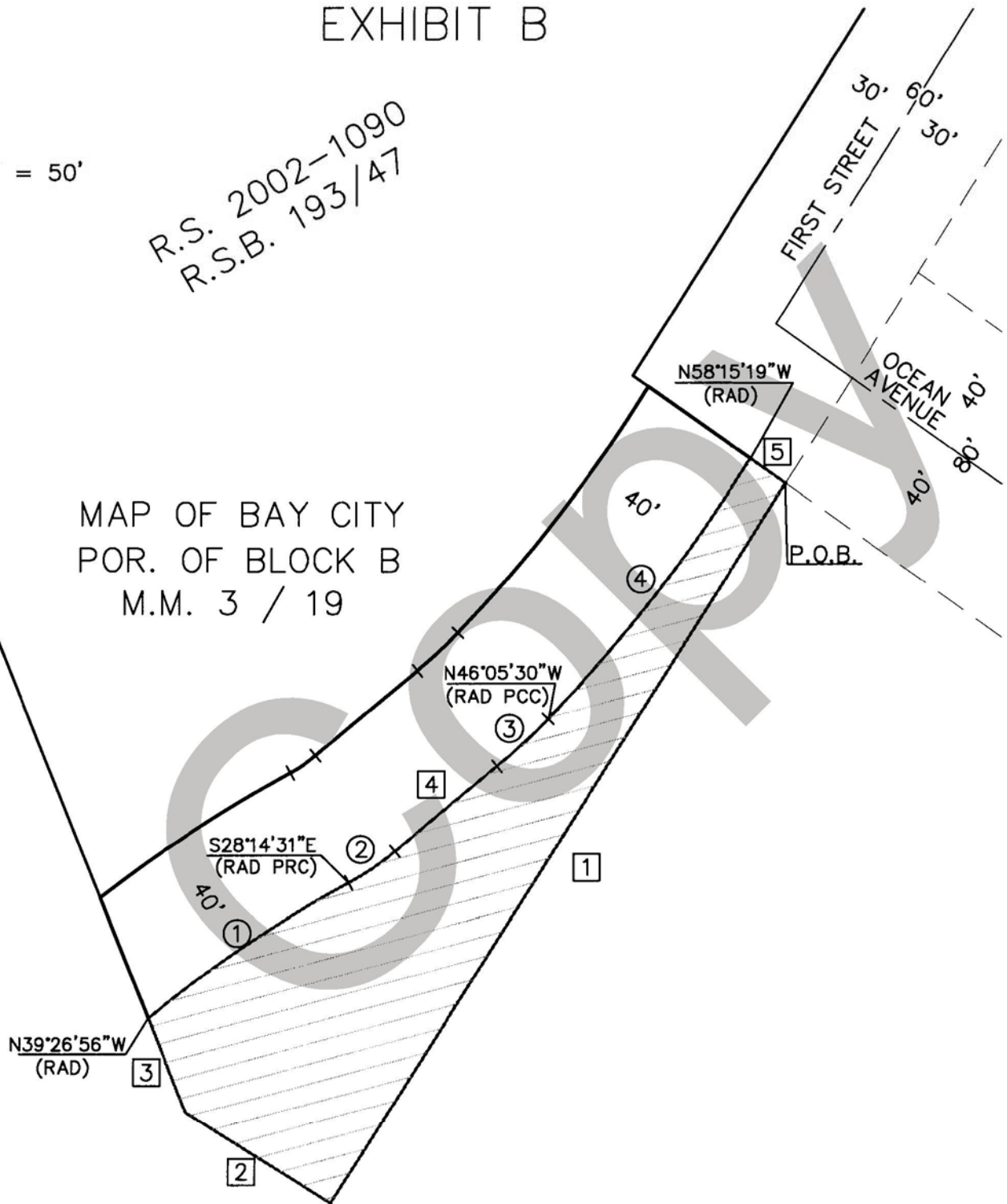
EXHIBIT B



SCALE: 1" = 50'

R.S. 2002-1090
R.S.B. 193/47

MAP OF BAY CITY
POR. OF BLOCK B
M.M. 3 / 19



| ○ DELTA | RADIUS | LENGTH | □ BEARING | DISTANCE |
|-------------|---------|---------|---------------|----------|
| 1 11°12'25" | 400.00' | 78.24' | 1 S32°17'25"W | 273.93' |
| 2 11°26'52" | 90.00' | 17.98' | 2 N57°53'35"W | 55.32' |
| 3 6°24'07" | 200.00' | 22.35' | 3 N21°50'35"W | 32.84' |
| 4 12°09'49" | 500.00' | 106.15' | 4 N50°18'37"E | 42.77' |
| | | | 5 S54°44'12"E | 13.95' |

EXHIBIT H

TERMS SHEET OF THE LEASE

1. **Property subject to Lease:**
The Driveway Parcel as shown and legally described in Exhibit F.
The Bike Trail Parcel as shown and legally described in Exhibit E.
2. **Term:** At most, four years.
3. **Commencement Date:** March 31, 2011.
4. **Expiration Date:**
The earlier of:

(a) March 31, 2015;

(b) conveyance of the Driveway Parcel and Bike Trail Parcel to the City pursuant to the transaction described in paragraph 5.B of the Settlement Agreement and Mutual Release; or

(c) if the Coastal Commission denies or declines to process further Bay City's Proposed Residential Project, then thirty (30) days thereafter such denial or declination. Bay City shall determine, in its sole discretion, whether a denial or declination has occurred. Bay City shall promptly notify the City in writing of such determination.
5. **Rent:** An Annual One Dollar (\$1.00) per annum rental payment from the City to Bay City shall be deemed payment in full of the rent required under the Lease.
6. **Use of Premises:**
The Driveway Parcel shall be used for a public access roadway from First Street and Ocean Avenue to the public parking lot that serves the River's End Project in order to maintain public access to the public beach, the Pacific Ocean, Windsurfer Park, the First Street parking lot, and the River's End Café. The Bike Trail Parcel shall be used for a public bike path. All premises shall be maintained in good condition.
7. **Tenant's Liability Insurance:** Annual Aggregate Limit \$2,500,000
8. **Indemnity:**

As a material term of the Agreement and the Lease, the City shall indemnify, save, hold harmless and defend Bay City, its members and its successors and assigns from any and all claims, costs, causes of action, and liability for any damages, personal injury or death which may arise, directly or indirectly, from the City's use of the Driveway Parcel or Bike Trail Parcel.

9. Notice:

Landlord

Bay City Partners LLC
2999 Westminster Avenue, Suite 211
Seal Beach California 90740
Attn: Rocky Gentner
Email: Rockyg@gentnerandcompany.com

Tenant

City of Seal Beach
211 8th Street
Seal Beach, California 90740
Attn: City Manager

With Copy To:
Quinn Barrow, Esq.
Richards, Watson & Gershon
355 South Grand Avenue, 40th Floor
Los Angeles, California 90071-3101
Email: qbarrow@rwglaw.com
Fax No.: (213) 626-0078

Exhibit "I"
Relocated Sitting Area

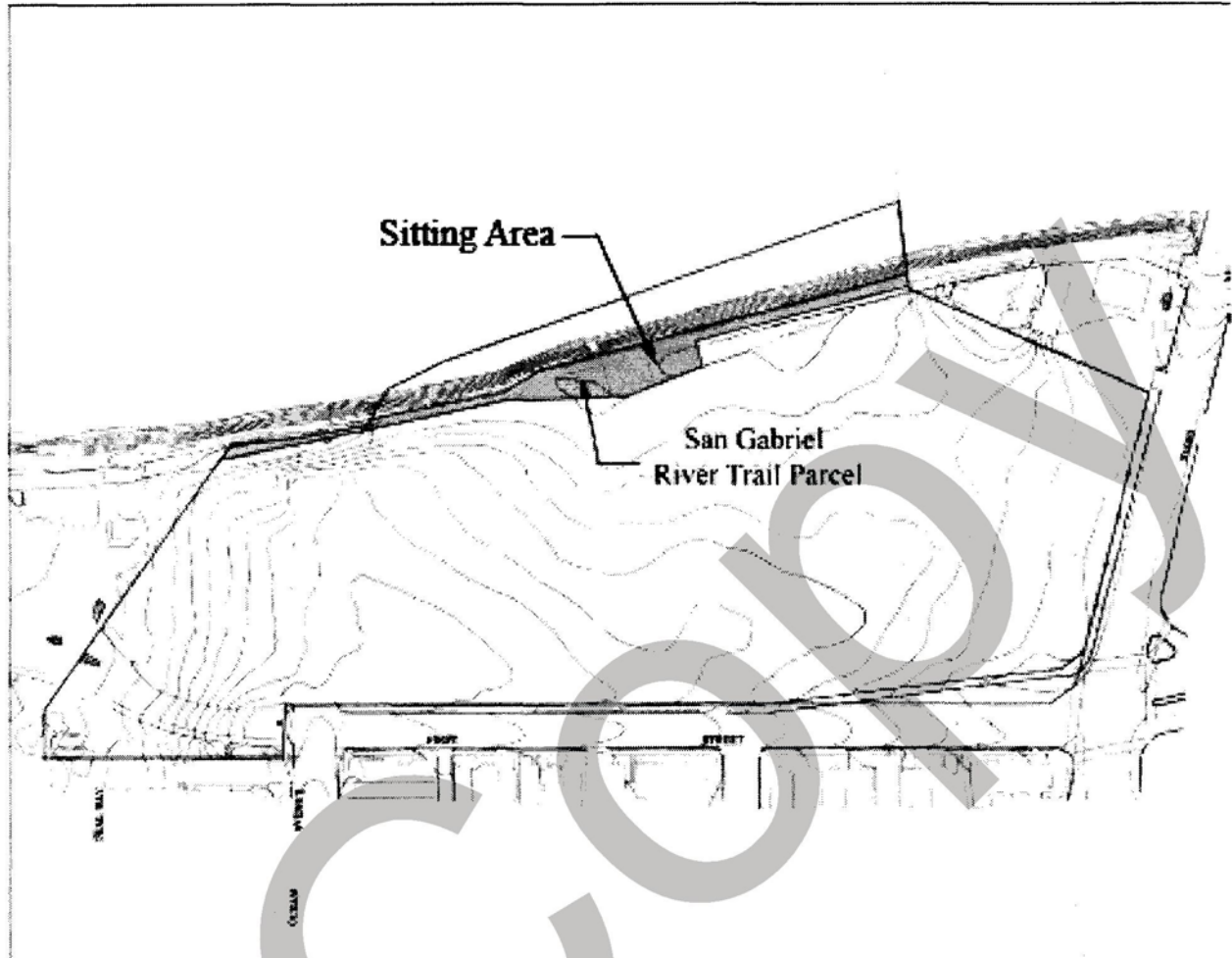


Exhibit J

1200 sq ft +/- Within
Proposed Residential
Development Area

The Bile Trail Parcel

All of the land South of the Westerly
Prolongation of the Southern Right
Of Way Line of Central Way Except
the 1200 sq ft +/- within the Proposed
Residential Project Area

The Driveway Parcel

The Sewer Parcel

- NOTES**
- 1) NO BUILDING ON SITE
 - 2) ALL UTILITIES SHOWN ARE BASED ON RECORD DRAWINGS AND FIELD SURVEY
 - 3) ALL UTILITIES SHOWN ARE BASED ON RECORD DRAWINGS AND FIELD SURVEY
 - 4) ALL UTILITIES SHOWN ARE BASED ON RECORD DRAWINGS AND FIELD SURVEY
 - 5) ALL UTILITIES SHOWN ARE BASED ON RECORD DRAWINGS AND FIELD SURVEY
 - 6) ALL UTILITIES SHOWN ARE BASED ON RECORD DRAWINGS AND FIELD SURVEY
 - 7) ALL UTILITIES SHOWN ARE BASED ON RECORD DRAWINGS AND FIELD SURVEY
 - 8) ALL UTILITIES SHOWN ARE BASED ON RECORD DRAWINGS AND FIELD SURVEY
 - 9) ALL UTILITIES SHOWN ARE BASED ON RECORD DRAWINGS AND FIELD SURVEY
 - 10) ALL UTILITIES SHOWN ARE BASED ON RECORD DRAWINGS AND FIELD SURVEY

EXHIBIT "A"

DEED
#224

DESCRIPTION:

THOSE PORTIONS OF THE SOUTHWEST QUARTER OF SECTION 11, TOWNSHIP 5 SOUTH, RANGE 12 WEST IN THE RANCHO LOS ALAMITOS AS PER MAP FILED IN DECREE OF PARTITION IN THE SUPERIOR COURT OF LOS ANGELES COUNTY, CALIFORNIA CASE NO. 13527, A CERTIFIED COPY OF THE FINAL DECREE OF SAID CASE HAVING BEEN RECORDED FEBRUARY 2, 1891 IN BOOK 14 PAGE 31 OF DEEDS OF SAID ORANGE COUNTY, CALIFORNIA, OF LOTS 1, 2 AND 3, BLOCK 100, TRACT NO. 698 AS PER MAP RECORDED IN BOOK 31 PAGE 27 OF MISCELLANEOUS MAPS RECORDS OF SAID ORANGE COUNTY AND OF BLOCK "C", BAY CITY AS PER MAP RECORDED IN BOOK 3 PAGE 19 OF MISCELLANEOUS MAPS, RECORDS OF SAID ORANGE COUNTY, ALL IN THE CITY OF SEAL BEACH, COUNTY OF ORANGE, STATE OF CALIFORNIA, DESCRIBED AS A WHOLE AS FOLLOWS:

BEGINNING AT THE MOST EASTERLY CORNER OF THE LAND DESCRIBED IN PART 3 OF EXHIBIT A-1 IN A DEED TO THE CITY OF LOS ANGELES, CALIFORNIA RECORDED IN BOOK 869 PAGE 1 OF OFFICIAL RECORDS; THENCE SOUTH 31° 17' 22" WEST 347.06 FEET ALONG THE SOUTHEAST BOUNDARY OF SAID LAND OF THE CITY OF LOS ANGELES, THE SOUTHEAST BOUNDARY OF SAID LOTS 1, 2 AND 3 AND THE SOUTHEAST BOUNDARY OF SAID BLOCK "C"; THENCE NORTH 24° 22' 42" EAST 332.42 FEET; THENCE NORTH 05° 38' 24" WEST 33.18 FEET TO A POINT ON THE NORTHEAST BOUNDARY OF SAID LAND OF THE CITY OF LOS ANGELES SAID POINT BEING ON A CURVE CONCAVE NORTHEASTERLY HAVING A RADIUS OF 940.00 FEET A RADIAL FROM SAID POINT BEARS NORTH 42° 07' 31" EAST; THENCE ALONG SAID CURVE AND THE BOUNDARY OF SAID LAND OF THE CITY OF LOS ANGELES SOUTHEASTERLY 60.68 FEET TO THE POINT OF BEGINNING.

SAID LAND IS INCLUDED WITHIN THE AREA SHOWN ON A MAP FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAID ORANGE COUNTY, IN BOOK 90 PAGE 23 TO 30 INCLUSIVE OF RECORD OF SURVEYS.

be and the same is hereby condemned to the use of the plaintiff, THE CITY OF SEAL BEACH, a municipal corporation, and to the use of the public for said public purposes.

| | |
|-----------------------------------|---------------|
| DESCRIPTION | 664-12115% |
| APPROVED | March 8, 1977 |
| DATE | APPROVED |
| LAWRENCE CONNELLER | |
| Engineer of Survey & Construction | |
| DATE | MARCH 9, 1977 |
| BY | R. A. Morton |

MAP #2

SCALE 1"=40'

REC # 0380

BLOCK C
BAY CITY
MM 3/19

FR. S.W. 1/4 SEC 11
T. 5 S. R. 12 W.
P. 1. / 469, 462

TR. NO. 698
BLK. 2
M.M. 31/27

332.42'
N 24° 22' 42" E

347.06

FIRST STREET
N 31° 17' 22" E

K-2

35°

LADWP EXCESS PARCEL
PROPOSED TAKE FOR FIRST ST.
PHASE III EXTENSION

BASIS OF BEARING -
SURVEY OF SEAL BEACH
BOUNDARY AGREEMENT N 52

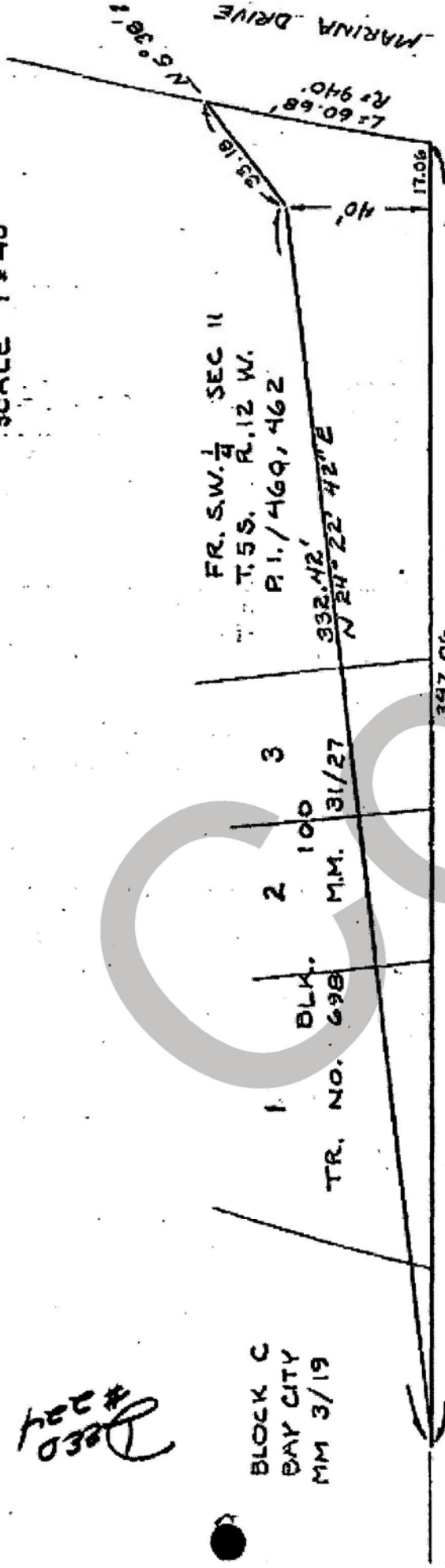


Exhibit L

RECORDING REQUESTED BY
FIRST AMERICAN TITLE INSURANCE CO.
NATIONAL COMMERCIAL SERVICES
SC 1000-12/ACCOM
RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

Hewitt & O'Neil LLP
19900 MacArthur Blvd., Suite 1050
Irvine, CA 92612
Attn: Jay F. Palchikoff

This Document was electronically recorded by
First American National Commercial

Recorded In Official Records, Orange County
Tom Daly, Clerk-Recorder

66.00

2009000593882 11:19am 11/02/09

104 30 E01 21

0.00 0.00 0.00 0.00 00.00 0.00 0.00 0.00

(SPACE ABOVE THIS LINE FOR RECORDER'S USE)

EASEMENT AGREEMENT

THIS INSTRUMENT FILED FOR RECORD BY
FIRST AMERICAN TITLE COMPANY AS AN ACCOMMODATION
ONLY IT HAS NOT BEEN SUBMITTED TO ITS EXECUTION
OR AS TO ITS EFFECT UPON THE TITLE

This Easement Agreement (this "Agreement") is made in Orange County, California, on February 17, 2009, by and among Bay City Partners, LLC, a California limited liability company ("Owner"), and Atkinson LLC, a California limited liability company ("Atkinson LLC"), Tenth Street Building, LLC, a California limited liability company ("Gentner LLC"), Main & PCH, LLC a California limited liability company, ("Griffith LLC"), Kyle LLC, a California limited liability company ("Kyle LLC"), and Park-e, LLC, a California limited liability company ("Parkhurst LLC"), who agree as follows:

RECITALS

A. Owner is the record fee owner of that certain real property located in the City of Seal Beach, County of Orange, State of California, described on Exhibit A attached hereto (the "Property").

B. Owner desires by this Agreement to (i) grant Atkinson LLC, Gentner LLC, Griffith LLC, Kyle LLC and Parkhurst LLC (each, individually, an "Easement Holder" and collectively, the "Easement Holders"), as tenants in common, a non-exclusive perpetual easement over, under, upon, across and through a portion of the Property for the purpose of (a) laying, constructing, installing, reconstructing, replacing, repairing, renovating, maintaining, operating, changing and removing underground pipelines and appurtenances thereto for the transportation of oil, gas and water, (b) a surface electrical substation and related facilities and underground electrical and communications lines, wires, conductors, cables and conduits and appurtenances thereto for the transmission of electrical power and communications, and (c) for other reasonable uses related to the easement purposes described above, and (ii) set forth certain obligations of Owner and the Easement Holders with respect to said easement, on the terms and conditions set forth herein. This grant of easement shall be effective immediately.

D. Owner and the Easement Holders deem it to be in their mutual best interest to enter into this Agreement.

NOW, THEREFORE, for and in consideration of the foregoing facts and the terms and conditions hereinafter set forth, the parties agree as hereinafter provided:

Article 1 **Definitions**

1.1 "Easement Area" shall mean that certain portion of the Property which is described on Exhibit B-1 and depicted on Exhibit B-2 attached hereto.

1.2 "Owner" shall mean (i) each Person owning the fee simple title to the Property, (ii) any ground tenant of the Property holding a ground tenant's interest therein, and (iii) a vendee in possession under a contract of sale or, if not in possession, the vendor or vendors under an executory contract of sale for the Property, but not a Person having an interest in the Property holding title merely as security for the performance of an obligation.

1.3 "Permitted Users" shall mean the Easement Holders, their respective successors and assigns, employees, agents, representatives, contractors and subcontractors, licensees, invitees, customers, guests, tenants and subtenants, and the employees, agents and representatives of all the foregoing described parties.

1.4 "Person" shall mean individuals, partnerships, firms, associations, trusts, corporations, limited liability companies, limited liability partnerships, limited partnerships and any other form of business entity, and the singular shall include the plural.

Article 2 **Easements**

2.1 **Easement Grant.** Owner hereby grants to the Easement Holders, together with the right to transfer the same and to grant (and accept assignments of) easements, sub-easements and licenses with respect thereto, a non-exclusive perpetual easement, over, under, upon, across and through the Easement Area for (i) the purpose of laying, constructing, installing, reconstructing, replacing, repairing, renovating, maintaining, operating, changing and removing (a) underground pipelines and appurtenances thereto for the transportation of oil, gas and water and (b) up to four (4) areas selected by the Easement Holders from time to time, each not exceeding ten feet (10') by ten feet (10') in horizontal size and six feet (6') in height and each of which may be fenced and otherwise secured (each, a "Surface Installation") for one or more surface electrical substations, pumps and other facilities, including, but not limited to, electrical and communications lines, wires, conductors, cables, conduits and appurtenances thereto for the transmission of electrical power and communications, and (ii) other reasonable uses related to the easement purposes described above. This grant of easement shall be effective immediately.

2.2 **Purpose and Use of Easements; Permitted Users.** The easements granted under this Agreement may be used by the Permitted Users only for the purposes set forth herein. The Easement Holders shall have the right to enter into any and all agreements they deem necessary or desirable to memorialize the use of the Easement Area by any of the Permitted Users, and to receive and retain any and all revenues paid by such Permitted Users in connection with the Permitted Users' use of the Easement Area; provided, however, that such revenues shall be apportioned among the Easement Holders in the percentages set forth on Schedule 1 attached hereto, subject to other agreements among the Easement Holders, including, but not limited to,

their Agreement Among Tenants in Common of even date herewith, as such agreement may be amended from time to time.

2.3 Use of Easement Area by Owner. Owner may use the Easement Area in a manner and for purposes that are not inconsistent with or contrary to and that do not interfere with the rights of the Easement Holders or Permitted Users as set forth in this Agreement. Such use shall in no event involve the erection of structures, paved roadways or other improvements, the storing of materials, or the planting of any trees upon the Easement Area (or any plants or bushes with roots extending more than 12" below ground level) without the unanimous prior written consent of the Easement Holders (which may be withheld in each Easement Holders' sole discretion). Owner shall not install a gate, fence or similar barrier to entry into or exit from the Easement Area without the unanimous prior written consent of the Easement Holders (which may be withheld in each Easement Holders' sole discretion). Owner shall not permit any acts or otherwise on the Property that impede or interfere with use of the Easement Area by the Easement Holders and their Permitted Users.

2.4 Rights Reserved. Subject to Sections 2.2 and 2.3 above, Owner shall have the right, from time to time, with the consent of the Easement Holders (which consent shall not be unreasonably withheld, conditioned or delayed), to make changes, modifications or alterations to the surface of the Easement Area in connection with the development of new improvements on such Property, provided that (a) the use or accessibility of the Easement Area is not materially affected thereby, (b) any such changes, modifications or alterations shall not interfere in any manner whatsoever with facilities located within the Easement Area owned or operated by the Easement Holders or their Permitted Users, and (c) applicable governmental laws and restrictions shall not be violated. Owner shall be responsible for all real property taxes and possessory interest taxes assessed against the Property and any improvements thereon and the Easement Holders shall be responsible for all personal property taxes assessed against the Easement Holders' or their Permitted Users' personal property located on the Easement Area.

2.5 Effect of Agreement. The easements, covenants, restrictions, conditions and provisions contained in this Agreement (whether affirmative or negative in nature) shall run and pass with each and every portion of the Property and be binding upon Owner and its successors and assigns and every person having any fee, leasehold, or other interest in the Property or any portion thereof to the extent that the covenants, restrictions, conditions, or provisions burden such interest in the Property, and shall benefit and shall be enforceable by Easement Holders and their successors and assigns.

2.6 Subdivision of Parcel. If the Property shall be subdivided into more than one Parcel, or should the lot lines of the Property adjusted, such subdivision or lot line adjustment shall not terminate or otherwise affect the easements and rights established herein.

2.7 No Dedication. Nothing contained in this Agreement shall be deemed to be a gift or dedication of a Parcel or any portion thereof to or for the general public, or for any public purpose whatsoever. It is the intention of Owner and the Easement Holders that this Agreement shall be strictly limited to the purposes expressed in this Agreement. Further, the easements established in this Agreement are not intended to create, nor will they create, any prescriptive rights in the public.

2.8 **Limits on Transfers.** Owner may not transfer or assign any right, power or obligation created under this Agreement without also transferring therewith Owner's interest in the Easement Area.

Article 3

Maintenance of Easement Areas; Insurance

3.1 **Maintenance of Easement Area.** Owner shall be obligated, at Owner's sole cost and expense, to perform or provide for performance of Maintenance (as hereinafter defined) of the surface of the Easement Area (except for the Surface Installations). As used herein, "Maintenance" means sweeping, lighting, rubbish removal, regular and customary maintenance of surfaces and landscaping, and such other maintenance and repair as reasonably necessary to ensure a clean and sanitary area. Notwithstanding the foregoing, if an Easement Holder or any Permitted User damages any portion of the Easement Area as a result of (i) a violation of the use limitations set forth in Sections 2.1 and 2.2 above or (ii) the willful misconduct or negligent act or failure to act by such Easement Holder or Permitted User, the Easement Holders shall, at their sole cost, promptly repair the damage. Also notwithstanding the foregoing, Owner shall not be obligated to perform Maintenance of any of the Easement Holders' or Permitted Users' improvements or facilities within the Easement Area.

3.2 **Insurance.** At all times, Owner shall, at Owner's sole cost and expense, maintain public liability insurance for the Easement Area, with coverage of at least Two Million Dollars (\$2,000,000) for damage to property and for injury or death of any person(s) per occurrence. Such insurance shall name the Easement Holders as additional insureds. Such insurance shall provide that the same shall not be cancelled or not renewed except upon thirty (30) days prior notice to the Easement Holders. Evidence of such insurance shall be provided to the Easement Holders on demand. If Owner fails to maintain such insurance, the Easement Holders may, after notice to Owner and failure to cure within five (5) days after such notice, obtain the same, and Owner shall reimburse the Easement Holders for the cost of such insurance within ten (10) days after demand therefor.

Article 4

Enforcement

4.1 **Default and Remedies.** In the event of any material violation or threatened violation (a "Breach") by one party hereunder (a "Defaulting Party"), which Breach has not been cured within ten (10) days of written request therefor by the other party hereunder (a "Non-Defaulting Party") (or if any such Breach is not reasonably susceptible of cure within such ten (10) day period, then if the Defaulting Party has not commenced promptly within the ten (10) day period to effect a cure and thereafter diligently proceeded to effect such cure) (provided, however, that no such notice or cure period shall be required with respect to the third time that the same or similar Breach occurs in any consecutive twelve (12) month period), the Non-Defaulting Party shall have the following rights and remedies:

4.1.1 **Substitute Performance.** Without any obligation to do so, the Non-Defaulting Party may at its option (a) pay any unpaid sum or settle or discharge any action therefor or judgment thereon, (b) enter the Easement Area and perform such work as may be

necessary to resolve the same, (c) provide other substitute performance of any obligations of the Defaulting Party at such party's expense. In any such event, the Defaulting Party shall reimburse the Non-Defaulting Party for all direct costs or expenses connected with such performance within ten (10) days after receipt of any itemized statement showing all such direct costs of remedying such default, plus interest on all such amounts owed at the maximum legal contract rate permitted by law from the date incurred until paid;

4.1.2 **Damages.** A Non-Defaulting Party may bring a suit for damages for any compensable breach of any of the easements or covenants contained herein (but such damages shall in no event include punitive, special or so-called "consequential" damages), or for declaratory relief to determine the enforceability of any of the agreements contained herein and for injunctive relief thereon, including all court costs, reasonable attorneys' fees and other costs of collection or enforcement related thereto;

4.1.3 **Equity.** It is recognized that a breach by a party or any Person having possession under a party, of one or more of the easements or rights or agreements contained herein, may cause a Non-Defaulting Party to suffer material injury or damage not compensable in money, and that the Non-Defaulting Party shall be entitled to bring an action in equity or otherwise for specific performance to enforce compliance with these restrictions or for an injunction to prevent or enjoin the continuance of any such Breach hereof.

4.2 **No Waiver.** No waiver of a default by a party shall be implied from an omission by the other party to take any action with respect to such default. A waiver of a default hereunder shall not be deemed a waiver of any subsequent default of the same provision or any other provision contained herein.

4.3 **Rights of Lenders; Subordination.** No breach, enforcement or attempted enforcement of any other the terms, covenants, conditions or restrictions of this Agreement will defeat or render invalid the lien of any mortgage or deed of trust securing a loan made in good faith and for value with respect to development financing, permanent financing, or refinancing of the Property or any facilities thereon; provided, however, that all provisions of this Agreement will be binding upon and effective against any subsequent Owner of the Property or successor whose title to the Property or any portion of such is acquired by foreclosure, trust deed sale, or otherwise. The easements and licenses established hereunder, whether now existing or granted hereafter by the Easement Holders, shall be superior to any and all mortgages, liens, ground leases, licenses, covenants, or encumbrances now or hereafter affecting the Property, as well as any of the same specifically subordinated hereto (hereinafter collectively referred to as the "Mortgages"). Any such Mortgages shall be deemed to be subordinate to this Agreement, and this Agreement shall survive any foreclosure of any such Mortgages; provided, however that nothing in this Agreement will affect the validity of any such Mortgages.

Article 5 **General Conditions**

5.1 **Term.** The easement and all rights and privileges related thereto established by this Agreement shall be perpetual and shall remain in effect until terminated by the recordation of a written agreement signed by all Easement Holders, or their successors or assigns.

5.2 Mechanics Liens: Work Standards.

(a) Whenever under the terms of this Agreement any Easement Holder performs any work upon the Easement Area, the party performing such work will not permit any mechanics', materialmen's or similar lien to be maintained against the Property on which any labor or material has been furnished in connection with such work, and will indemnify and hold harmless Owner from and against any and all liens, claims, liabilities, costs and expenses (including but not limited to reasonable attorneys' fees) arising out of such work. Notwithstanding the foregoing, the party performing such work may contest the validity or amount of any lien or claim of lien arising out of such work by appropriate legal proceedings diligently pursued, provided that such party obtains a surety bond or other security reasonably satisfactory to Owner to protect fully Owner and the Property against such lien or claim of lien, and provided further that such party immediately pays and discharges any judgment or settlement rendered or reached in any such proceedings and causes any lien to be released at such party's expense prior to foreclosure. Prior to the commencement of any work, the party performing the work shall also provide Owner at least ten (10) days' prior written notice of the start date, as well as evidence that appropriate insurance has been obtained. Upon completion of the work in question, the performing party shall, if applicable, cause a Notice of Completion to be recorded in the Office of the Orange County Recorder in accordance with Section 3093 of the California Civil Code and, upon request of Owner, deliver to Owner a legible copy of all permits, approvals and other documents issued by any governmental agency in connection with the work.

(b) Whenever under the terms of this Agreement Owner performs any work upon the Easement Area, Owner will not permit any mechanics', materialmen's or similar lien to be maintained against the Easement Area, and will indemnify and hold harmless Easement Holders and the Permitted Users from and against any and all liens, claims, liabilities, costs and expenses (including but not limited to reasonable attorneys' fees) arising out of such work. Notwithstanding the foregoing, the party performing such work may contest the validity or amount of any lien or claim of lien arising out of such work by appropriate legal proceedings diligently pursued, provided that such party obtains a surety bond or other security reasonably satisfactory to Easement Holders to protect fully Easement Holders and the Easement Area against such lien or claim of lien, and provided further that such party immediately pays and discharges any judgment or settlement rendered or reached in any such proceedings and causes any lien to be released at such party's expense prior to foreclosure. Prior to the commencement of any work, the party performing the work shall also provide Easement Holders at least ten (10) days' prior written notice of the start date, as well as evidence that appropriate insurance has been obtained. Upon completion of the work in question, the performing party shall, if applicable, cause a Notice of Completion to be recorded in the Office of the Orange County Recorder in accordance with Section 3093 of the California Civil Code and, upon request of any Easement Holder, deliver to Easement Holders a legible copy of all permits, approvals and other documents issued by any governmental agency in connection with the work. All work shall be performed so as to minimize, to the greatest extent reasonably possible, interference with use of the Easement Area in question by the Permitted Users thereof.

(c) Whenever any party performs any work upon the Easement Area, the party performing such work shall commence and complete such work promptly and in a good and

workmanlike manner and in compliance with all insurance requirements, applicable permits, authorizations, building regulations, zoning laws and all other governmental rules, regulations, ordinances, statutes and laws now or hereafter in effect pertaining thereto.

5.3 Indemnity. Each party shall indemnify and hold harmless the other party (and its/their officers, directors, partners, members, agents, representatives and employees) from and against any claims, loss, damage, liability or expense, including reasonable attorneys' fees arising out of such party's exercise of its rights under this Agreement or such party's failure to comply with its obligations hereunder except to the extent attributable to the negligence or willful misconduct of the indemnified party.

5.4 Estoppel Certificate. The Easement Holders, upon the written request of Owner (which may not be made more frequently than three (3) times during any calendar year), shall issue to a prospective mortgagee or successor of Owner, within fifteen (15) business days of receipt of any such request, an estoppel certificate stating:

(a) Whether the party to whom the request has been directed knows of any default by Owner under this Agreement, and if there are known defaults, identifying the nature thereof;

(b) Whether this Agreement has been duly assigned, modified or amended in any way (and if it has, then stating the nature thereof); and

(c) That to the Easement Holders' knowledge, this Agreement, as of the date of the estoppel certificate, is in full force and effect.

Such statement shall act as a waiver of any claim by the Easement Holders furnishing it to the extent such claim is based upon facts contrary to those asserted in the statement and to the extent the claim is asserted against a bona fide purchaser for value, lender or mortgagee without knowledge of facts to the contrary of those contained in the statement, and who has acted in reasonable reliance upon the statement. In the event the Easement Holder being requested to give an estoppel certificate pursuant to the provisions of this Section 5.4 fail to give such certificate within the above specified time period, it shall be deemed that, as of the date of the request: (i) the Easement Holder knows of no default by Owner under this Agreement; (ii) this Agreement has not, to the Easement Holder's knowledge, been assigned or modified or amended in any way, except as may be of record; and (iii) this Agreement is, to the Easement Holder's knowledge, in full force and effect.

5.5 Notices. Any notice or other communication given in connection with this Agreement shall be in writing and addressed to the parties at the addresses indicated below, and shall be deemed given (i) upon personal delivery, (ii) the next day following delivery by overnight courier, (iii) upon receipt of delivery confirmation following delivery by facsimile, and (iv) the fifth (5th) day following delivery by U.S. Postal Service regular mail.

If to Owner:

Bay City Partners, LLC
4592 Orion Street
Huntington Beach, CA 92649
Attn: Cindy Atkinson

Bay City Partners, LLC
2999 Westminster Avenue, Suite 203
Seal Beach, CA 92662
Attn: Rocky Gentner

Bay City Partners, LLC
1225 Catalina Avenue
Seal Beach, CA 90740
Attn: Bob Griffith

Bay City Partners, LLC
P.O. Box 179
Seal Beach, CA 90740
Attn: Brian Kyle

Bay City Partners, LLC
107 Opal
Balboa Island, CA 92662
Attn: James Parkhurst

With a copy to:

Hewitt & O'Neil LLP
19900 MacArthur Blvd., Suite 1050
Irvine, CA 92612
Attn: Jay F. Palchikoff

If to Atkinson LLC:

Atkinson, LLC
4592 Orion Street
Huntington Beach, CA 92694
Attn: Cindy Atkinson

If to Gentner LLC:

Tenth Street Building, LLC
2999 Westminster Avenue, Suite 203
Seal Beach, CA 90740
Attn: Rocky Gentner

If to Griffith LLC:

Main & PCH, LLC
1225 Catalina Avenue
Seal Beach, CA 90740
Attn: Bob Griffith

If to Kyle LLC:

Kyle, LLC
P.O. Box 179
Seal Beach, CA 90740
Attn: Brian Kyle

If to Parkhurst LLC: Park-e, LLC
107 Opal Ave.
Newport Beach, CA 92662
Attn: Jim Parkhurst

Each party shall have the right to direct another address for notice hereunder, provided that such direction is duly served upon the other parties at the last address referred to in this Agreement.

5.6 **Entire Agreement; No Modification.** This Agreement contains the entire agreement between the parties with respect to the subject matter hereof. No modification or amendment hereto shall be of any force or effect unless it shall be in writing and signed by the parties hereto (or, as applicable, their successors or assigns).

5.7 **Binding Effect; Constructive Notice and Acceptance.** The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors-in-interest and assigns.

5.8 **Further Assurances.** The parties agree to execute, within ten (10) days of presentation, any and all further documents necessary to accomplish the intent of this Agreement.

5.9 **Incorporation.** The Recitals and Exhibits attached hereto and referred to herein are incorporated in this Agreement as though fully set forth in the body hereof.

5.10 **Attorneys' Fees.** In the event either party shall institute any action or proceeding against the other relating to the provisions of this Agreement, the non-prevailing party in such action or proceeding shall reimburse the prevailing party for the reasonable expenses of attorneys' fees and costs actually incurred.

5.11 **Captions.** The Section headings or captions used herein are for convenience only and are not a part of this Agreement and do not in any way limit, define or amplify the scope or intent of the terms and provisions hereof.

5.12 **Severability.** If any term, provision or condition contained in this Agreement shall, to any extent, be invalid or unenforceable, the remainder of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

5.13 **Governing Law.** This Agreement shall be construed in accordance with the laws of the State of California.

5.14 **Counterparts.** This Agreement may be executed in one or more counterparts, all of which together shall constitute a single agreement and each of which shall be an original for all purposes.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

Owner:

Bay City Partners, a California limited liability company

By:


Rocky Gentner, Member


By:


Bob A. Griffith, Member

By:


Brian Kyle, Member

By:


James Parkhurst, Member

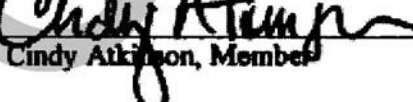
By:


Cindy Atkinson, as trustee of The Atkinson Family Trust

Atkinson LLC:

Atkinson LLC, a California limited liability company

By:


Cindy Atkinson, Member

Gentner LLC:

Tenth Street Building, LLC, a California limited liability company

By: Rocky and Deborah Gentner Family, LLC,
a California limited liability company

By:


Rocky Gentner, Managing Member

Griffith LLC:

Main & PCH, LLC, a California limited liability company

By:


Bob A. Griffith, Managing Member

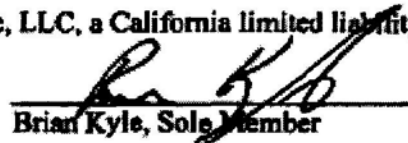
~~Kyle LLC:~~

~~Kyle, LLC, a California limited liability company~~

Kyle LLC:

Kyle, LLC, a California limited liability company

By:


Brian Kyle, Sole Member

Parkhurst LLC:

Parkhurst, LLC, a California limited liability company

By:


James Parkhurst, Managing Member

STATE OF CALIFORNIA

)

) ss

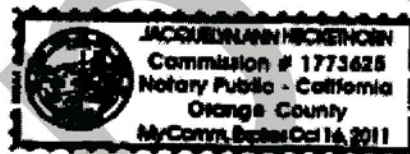
COUNTY OF ORANGE

)

On April 14, 2009, before me, Jacquelyn A. Heckethorn, a Notary Public, personally appeared Rocky Gentner, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Jacquelyn A. Heckethorn
Notary Public

STATE OF CALIFORNIA

)

) ss

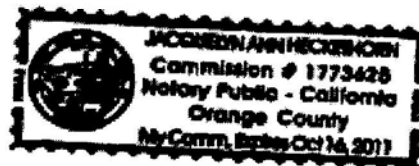
COUNTY OF ORANGE

)

On April 14, 2009, before me, Jacquelyn A. Heckethorn, a Notary Public, personally appeared Bob. A. Griffith, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Jacquelyn A. Heckethorn
Notary Public

STATE OF CALIFORNIA

)
) ss
)

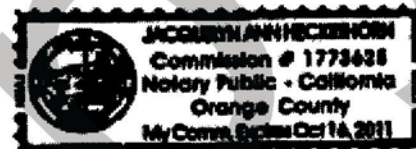
COUNTY OF ORANGE

On April 14, 2009, before me, Jacquelyn A. Heckethorn, a Notary Public, personally appeared Brian Kyle, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Jacquelyn A. Heckethorn
Notary Public



STATE OF CALIFORNIA

)
) ss
)

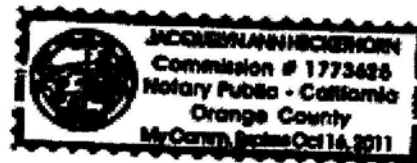
COUNTY OF ORANGE

On April 14, 2009, before me, Jacquelyn A. Heckethorn, a Notary Public, personally appeared James Parkhurst, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Jacquelyn A. Heckethorn
Notary Public



ACKNOWLEDGMENT

STATE OF CALIFORNIA

COUNTY OF Los Angeles

On March 2, 2009 before me, Carol Benson

Notary Public, personally appeared _____

Cindy Atkinson

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument. I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

Carol Benson

(seal)



Exhibit A
Legal Description of Property

PARCEL 1:

LOTS 1, 2 AND 3 IN BLOCK 100 OF TRACT NO. 698, IN THE CITY OF SEAL BEACH, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 31, PAGE 27 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THAT PORTION INCLUDED IN THE FINAL ORDER OF CONDEMNATION RECORDED MARCH 23, 1977 IN BOOK 12115, PAGE 201, OFFICIAL RECORDS.

SAID LAND IS INCLUDED WITHIN THE AREA SHOWN ON A MAP FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAID ORANGE COUNTY, IN BOOK 90, PAGES 23 TO 30 INCLUSIVE OF RECORD OF SURVEYS.

PARCEL 2:

THAT PORTION OF TIDE LAND LOCATION NO. 137 (SURVEY NO. 106) AS PATENTED BY THE STATE OF CALIFORNIA ON FEBRUARY 12, 1901 AND RECORDED APRIL 27, 1901 IN BOOK 9, PAGE 105 OF PATENTS, RECORDS OF LOS ANGELES COUNTY AND RECORDED SEPTEMBER 5, 1905 IN BOOK 1, PAGE 231 OF PATENTS, RECORDS OF ORANGE COUNTY DESCRIBED AS FOLLOWS:

BEGINNING AT STATION 49 OF THE BOUNDARY SURVEY OF THE RANCHO LOS ALAMITOS, AS PER MAP RECORDED IN BOOK 1, PAGES 460, 461 AND 462 OF PATENTS OF SAID LOS ANGELES COUNTY; THENCE ALONG SAID BOUNDARY NORTH 65° 00' 00" WEST 230.47 FEET TO A LINE PARALLEL WITH AND 200.00 FEET NORTHWESTERLY FROM THE RANCHO LINE BETWEEN BOUNDARY STATIONS 49 AND 50; THENCE ALONG SAID PARALLEL LINE NORTH 54° 48' 00" EAST 1226.40 FEET TO A LINE PARALLEL WITH AND 30.00 FEET SOUTHWESTERLY FROM THE SOUTHWESTERLY LINE OF THE 200 FOOT STRIP OF LAND DESCRIBED IN QUITCLAIM DEED TO THE PACIFIC ELECTRIC RAILWAY COMPANY RECORDED FEBRUARY 21, 1924 IN BOOK 514, PAGE 44 OF DEEDS OF SAID ORANGE COUNTY; THENCE ALONG SAID SOUTHWESTERLY LINE SOUTH 42° 15' 00" EAST 201.52 FEET TO SAID RANCHO LINE; THENCE SOUTH 54° 48' 00" WEST 1136.60 FEET TO THE POINT OF BEGINNING.

EXCEPT THEREFROM THAT PORTION LYING NORTHEASTERLY OF THE LAND CONVEYED TO THE STATE OF CALIFORNIA FOR HIGHWAY PURPOSES RECORDED IN BOOK 426, PAGE 378 OF DEEDS, OFFICIAL RECORDS OF SAID ORANGE COUNTY, AND SUBSEQUENTLY RELINQUISHED TO THE CITY OF SEAL BEACH BY INSTRUMENT RECORDED IN BOOK 700, PAGE 260 OF OFFICIAL RECORDS OF SAID COUNTY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE BOUNDARY LINE BETWEEN STATIONS 49 AND 50 OF SAID RANCHO LOS ALAMITOS, DISTANT NORTH 54° 48' 00" EAST 213.27 FEET FROM SAID STATION 49; THENCE NORTH 43° 56' 00" WEST 202.36 FEET TO A LINE PARALLEL WITH AND DISTANT NORTHWESTERLY 200.00 FEET FROM SAID BOUNDARY LINE; THENCE NORTH 54° 48' 00" EAST 80.94 FEET ALONG SAID PARALLEL LINE; THENCE SOUTH 43° 56' 00" EAST 202.36 FEET TO SAID BOUNDARY LINE; THENCE SOUTH 54° 48' 00" WEST 80.94 FEET ALONG SAID BOUNDARY LINE TO THE POINT OF BEGINNING.

SAID LAND IS INCLUDED WITHIN THE AREA SHOWN AS PARCEL A IN LICENSE SURVEYORS MAP OF THE TIDELANDS EAST OF NAPLES FILED IN BOOK 2, PAGES 47 AND 48 OF RECORD OF SURVEYS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY OF ORANGE.

PARCEL 3:

THAT PORTION OF THE SOUTH HALF OF SECTION 11, TOWNSHIP 5 SOUTH, RANGE 12 WEST, INCLUDED WITHIN LOT C-1 OF THE RANCHO LOS ALAMITOS, IN THE CITY OF SEAL BEACH, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAPS 1 AND 2 FILED IN DECREE OF PARTITION IN THE SUPERIOR COURT OF CALIFORNIA IN AND FOR THE COUNTY OF LOS ANGELES, CASE NO. 13527, A CERTIFIED COPY OF THE FINAL DECREE OF SAID CASE HAVING BEEN RECORDED FEBRUARY 2, 1891 IN BOOK 14, PAGE 31 OF DEEDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID ORANGE COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT STATION 49 OF SAID RANCHO LOS ALAMITOS; THENCE NORTH 54° 42' 05" EAST 213.27 FEET ALONG THE WESTERLY BOUNDARY OF SAID RANCHO TO THE SOUTHWESTERLY LINE OF MARINA DRIVE, AS DESCRIBED IN THE DEED TO THE STATE OF CALIFORNIA, RECORDED IN BOOK 436, PAGE 107 OF DEEDS OF SAID ORANGE COUNTY; THENCE ALONG SAID SOUTHWESTERLY LINE SOUTH 44° 02" EAST 33.50 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE NORTHEAST HAVING A RADIUS OF 940 FEET; THENCE SOUTHEASTERLY 123.71 FEET ALONG SAID CURVE TO THE NORTHEASTERLY PROLONGATION OF THE NORTHWESTERLY LINE OF FIRST STREET, AS SHOWN ON A MAP OF BAY CITY RECORDED IN BOOK 3, PAGE 19 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE SOUTH 31° 17' 50" WEST 137.49 FEET ALONG SAID PROLONGATION TO THE SOUTHWESTERLY LINE OF SAID LOT C-1; THENCE NORTH 65° 02' 10" WEST 240.00 FEET TO THE POINT OF BEGINNING.

EXCEPT THAT PORTION DESCRIBED IN THE FINAL ORDER OF CONDEMNATION RECORDED MARCH 23, 1977 IN BOOK 12115, PAGE 201, OFFICIAL RECORDS.

PARCEL 4:

THAT PORTION OF BLOCK B OF BAY CITY, IN THE CITY OF SEAL BEACH, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 3, PAGE 19 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY LYING NORTHWESTERLY OF THE SOUTHWESTERLY PROLONGATION OF THE SOUTHEASTERLY LINE OF FIRST STREET AS SHOWN ON SAID MAP.

EXCEPT THAT PORTION THEREOF LYING NORTHEASTERLY OF THE SOUTHWESTERLY LINE OF OCEAN AVENUE AS DESCRIBED IN THE DEED TO SAID CITY RECORDED JANUARY 23, 1932 IN BOOK 536, PAGE 49 OF OFFICIAL RECORDS.

ALSO EXCEPT THAT PORTION THEREOF LYING SOUTHERLY AND SOUTHWESTERLY OF THE FOLLOWING DESCRIBED LINE:

BEGINNING AT A POINT OF INTERSECTION OF THE SOUTHEASTERLY LINE OF FIRST STREET AND THE SOUTHWESTERLY LINE OF OCEAN AVENUE AS SAID STREETS ARE SHOWN ON THE MAP OF SAID BAY CITY; THENCE ALONG THE SOUTHWESTERLY PROLONGATION OF SAID SOUTHEASTERLY LINE OF FIRST STREET 273.93 FEET TO THE TRUE POINT OF BEGINNING; THENCE NORTH 58° 54' WEST 55.32 FEET; THENCE NORTH 22° 51' WEST 366.64 FEET; THENCE NORTH 24° 31' EAST 78.78 FEET TO THE SOUTHWESTERLY LINE OF OCEAN BOULEVARD, AS SHOWN ON SAID MAP.

PARCEL 5:

THAT PORTION OF BLOCK "B" TOGETHER WITH THAT PORTION OF "OCEAN AVE." A STREET, IN THE BAY CITY TRACT, IN THE CITY OF SEAL BEACH, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 3, PAGE 19 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY LYING WESTERLY OF THE SOUTHERLY PROLONGATION OF THE EASTERLY LINE OF BLOCK "C" OF SAID BAY CITY TRACT DESCRIBED AS FOLLOWS:

BEGINNING AT THE POINT OF INTERSECTION OF THE SOUTHWESTERLY PROLONGATION OF THE NORTHWESTERLY LINE OF FIRST STREET, AS SHOWN ON SAID MAP, WITH THE NORTHEASTERLY LINE OF SAID BLOCK "B"; THENCE NORTH 31° 17' 00" EAST 80.11 FEET ALONG SAID SOUTHWESTERLY PROLONGATION TO THE MOST SOUTHERLY CORNER OF SAID BLOCK "C"; THENCE NORTH 35° 41' 30" WEST 317.56 FEET ALONG THE SOUTHWESTERLY LINE OF SAID BLOCK "C" TO THE EASTERLY LINE OF THE LAND DESCRIBED IN THE DEED TO LOS ANGELES COUNTY FLOOD CONTROL DISTRICT RECORDED MAY 20, 1933 IN BOOK 612, PAGE 317 OF OFFICIAL RECORDS OF SAID ORANGE COUNTY; THENCE SOUTHERLY ALONG THE SOUTHERLY PROLONGATION OF SAID EASTERLY LINE, AND THE SEAL BEACH BOUNDARY AGREEMENT NO. 2, RECORDED APRIL 8, 1968 IN BOOK 8565, PAGE 1 OF OFFICIAL RECORDS OF SAID ORANGE COUNTY TO THE NORTHERLY TERMINUS OF THE AGREEMENT LINE BETWEEN THE STATE LANDS COMMISSION AND THE CITY OF SEAL BEACH AND THE CITY OF LOS ANGELES RECORDED AUGUST 9, 1967 IN BOOK 8336 PAGE 954 OF OFFICIAL RECORDS OF SAID ORANGE COUNTY; THENCE SOUTH 24° 31' 00" WEST 60.00 FEET ALONG LAST SAID AGREEMENT LINE TO THE SOUTHWESTERLY CORNER OF THE LAND DESCRIBED IN THE DEED TO THE CITY OF SEAL BEACH RECORDED JANUARY 23, 1932 IN BOOK 536, PAGE 49 OF OFFICIAL RECORDS OF SAID ORANGE COUNTY; THENCE SOUTH 67° 06' 27" EAST 297.06 FEET ALONG THE SOUTHERLY LINE OF SAID LAND OF THE CITY OF SEAL BEACH, SAID SOUTHERLY LINE BEING THE SOUTHERLY LINE OF OCEAN AVENUE AS SET FORTH IN RESOLUTION NO. 197 BY THE TRUSTEES OF THE CITY OF SEAL BEACH AND RECORDED IN SAID BOOK 536, PAGE 49 OF OFFICIAL RECORDS, TO THE POINT OF BEGINNING.

A PORTION OF SAID OCEAN AVE. WAS VACATED UPON APPLICATION OF THE BAYSIDE LAND COMPANY AND ACTION OF THE TRUSTEES OF THE CITY OF SEAL BEACH RECORDED AUGUST 18, 1914 IN MINUTE BOOK 11 AT PAGE 51.

PARCEL 6:

BLOCK C OF BAY CITY, IN THE CITY OF SEAL BEACH, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 3, PAGE 19 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, AND THAT PORTION OF LOT A-2, IN THE RANCHO LOS ALAMITOS INCLUDED WITHIN SAID CITY OF SEAL BEACH, AS SHOWN ON MAP NO. 1 FILED IN DECREE OF PARTITION IN THE SUPERIOR COURT OF LOS ANGELES COUNTY, CALIFORNIA, CASE NO. 13527, A CERTIFIED COPY OF THE FINAL DECREE OF SAID CASE HAVING BEEN RECORDED FEBRUARY 2, 1891 IN BOOK 14, PAGE 31 OF DEEDS OF SAID ORANGE COUNTY, LYING WESTERLY OF SAID BLOCK C AND LYING NORTHERLY OF THE WESTERLY PROLONGATION OF THE SOUTHWESTERLY LINE OF SAID BLOCK C.

EXCEPT FROM THE ABOVE DESCRIBED PORTION OF SAID LOT A-2 THAT PORTION THEREOF LYING WESTERLY AND SOUTHERLY OF THE FOLLOWING DESCRIBED LINE:

BEGINNING AT A POINT NORTH 65° 00' 00" WEST, 330.00 FEET FROM STATION NO. 49 OF THE PATENT BOUNDARY LINE OF THE RANCHO LOS ALAMITOS, BEING IN THE NORTHEASTERLY LINE OF SAID BLOCK "C" AND ON THE EASTERN SHORE OF THE INLET FROM THE PACIFIC OCEAN TO ALAMITOS BAY; THENCE SOUTH 12° 00' 00" WEST, 547.80 FEET; THENCE SOUTH 6° 00' 00" WEST, 69.95 FEET; THENCE SOUTH 29° 15' 00" EAST, 38.72 FEET TO THE POINT OF INTERSECTION WITH THE NORTHEASTERLY LINE OF OCEAN AVE., AS SHOWN ON AFORESAID MAP OF BAY CITY; THENCE SOUTH 55° 43' 00" EAST, ALONG SAID LINE OF OCEAN AVENUE 325.63 FEET TO THE SOUTHEASTERLY CORNER OF SAID BLOCK "C".

ALSO EXCEPT THAT PORTION THEREOF INCLUDED WITHIN TRACT 698, AS PER MAP RECORDED IN BOOK 31, PAGE 27 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

ALSO EXCEPT THAT PORTION DESCRIBED IN THE FINAL ORDER OF CONDEMNATION RECORDED MARCH 23, 1977 IN BOOK 12115, PAGE 201, OFFICIAL RECORDS.

EXCEPT FROM SAID PARCELS 1 THROUGH 6 ALL WATER AND WATER RIGHTS APPURTENANT WHETHER SURFACE OR SUBSURFACE AND ALSO EXCEPT THEREFROM ALL OIL, GAS, AND PETROLEUM, OR OTHER MINERAL OR HYDROCARBON SUBSTANCES, WITHOUT THE RIGHT TO ENTER UPON THE SURFACE OF SAID LAND FOR SUCH USE, AS RESERVED BY THE CITY OF LOS ANGELES, A MUNICIPAL CORPORATION, IN THE GRANT DEED RECORDED MAY 27, 2003 AS INSTRUMENT NO. 2003000612579, OF OFFICIAL RECORDS.

END OF LEGAL DESCRIPTION

Exhibit B-1
Legal Description of Easement Area

A STRIP OF LAND 10.00 FEET IN WIDTH OVER THAT PORTION OF BLOCK 8 OF BAY CITY, IN THE CITY OF SEAL BEACH, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 3 PAGE 19 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, THE CENTERLINE OF WHICH IS DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF THE LAND AS SHOWN ON RECORD OF SURVEY NO. 2002-1090, AS FILED IN BOOK 193, PAGE 47 IN THE OFFICE OF SAID COUNTY RECORDER; THENCE ALONG THE SOUTHERLY LINE OF SAID RECORD OF SURVEY NORTH 57°53'35" WEST 15.50 FEET TO THE TRUE POINT OF BEGINNING; THENCE NORTH 32°17'25" EAST 20.04 TO POINT "A"; THENCE CONTINUING NORTH 32°17'25" EAST 229.84 FEET; THENCE NORTH 25°31'05" EAST 25.23 FEET TO THE SOUTHWESTERLY LINE OF OCEAN AVENUE AS SHOWN ON SAID RECORD OF SURVEY.

THE SIDELINES OF SAID STRIP TO BE LENGTHENED OR SHORTENED TO MEET AT ANGLE POINTS AND TO TERMINATE SOUTHWESTERLY IN THE SOUTHWESTERLY LINE OF SAID RECORD OF SURVEY AND NORTHEASTERLY IN SAID SOUTHWESTERLY LINE OF OCEAN AVENUE.

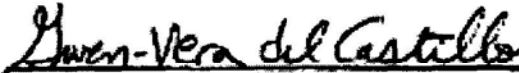
TOGETHER WITH:

PARCEL A: BEGINNING AT THE HEREINABOVE DESCRIBED POINT A; THENCE NORTH 57°42'35" WEST 9.50 FEET; THENCE NORTH 32°17'25" EAST 44.00 FEET; THENCE SOUTH 57°42'35" EAST 18.00 FEET; THENCE SOUTH 32°17'25" WEST 44.00 FEET; THENCE NORTH 57°42'35" EAST 8.50 FEET TO THE POINT OF BEGINNING.

SUBJECT TO COVENANTS, CONDITIONS, RESERVATIONS, RESTRICTIONS, RIGHTS OF WAY AND EASEMENTS OF RECORD, IF ANY.

ALL AS MORE PARTICULARLY SHOWN ON EXHIBIT B ATTACHED HERETO AND MADE A PART HEREOF.

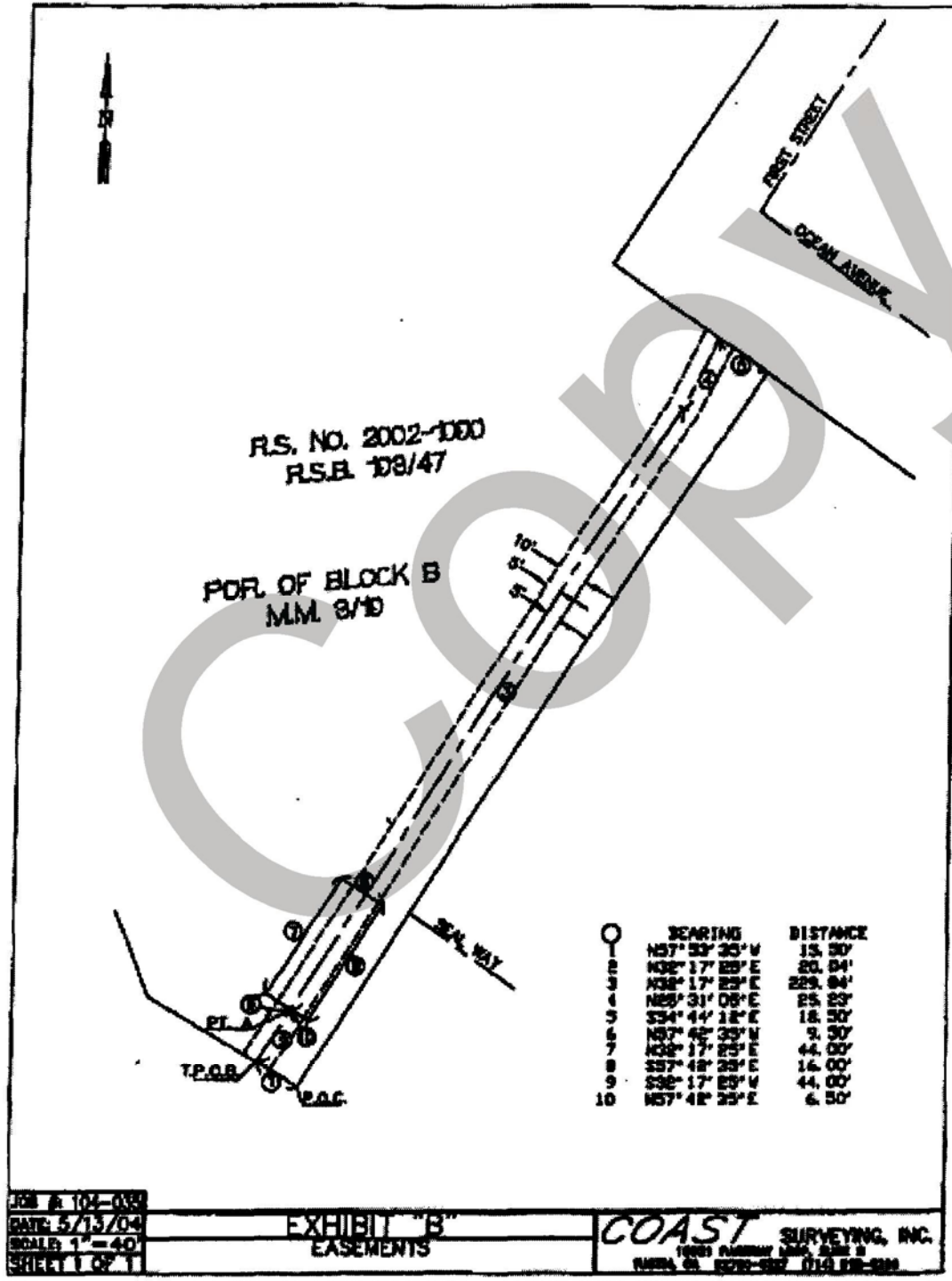
DATED THIS 13TH DAY OF MAY, 2004.



GWEN-VERA DEL CASTILLO, PLS 5108
REGISTRATION EXPIRES 6/30/07



Exhibit B-2
Depiction of Easement Area



Schedule 1

Revenue Allocations for Easement Holders

| | |
|---------------|-------|
| Atkinson LLC | 12.5% |
| Gentner, LLC | 25% |
| Griffith LLC | 25% |
| Kyle LLC | 12.5% |
| Parkhurst LLC | 25% |

Copy

Exhibit M

ASSIGNMENT OF LICENSE AGREEMENT

This Assignment of License Agreement (this "Assignment") is entered into as of February 17, 2009 (the "Effective Date") by and between Bay City Partners, LLC, a California limited liability company ("Assignor"), on the one hand, and Atkinson LLC, a California limited liability company ("Atkinson LLC"), Tenth Street Building, LLC, a California limited liability company ("Gentner LLC"), Main & PCH, LLC a California limited liability company, ("Griffith LLC"), Kyle LLC, a California limited liability company ("Kyle LLC"), and Park-e, LLC, a California limited liability company ("Parkhurst LLC") (collectively "Assignee"), on the other hand:

1. Assignment and Assumption of License Agreement. Assignor hereby assigns and transfers to Assignee all of Assignor's right, title and interest in and to that certain License Agreement (the "License Agreement") dated as of February 9, 2006 by and between Assignor, as licensor, and Plains Exploration & Production Company, a Delaware corporation, as assigned to Dos Cuadras Offshore Resources, LLC, a Texas limited liability company, as licensee, pursuant to that certain Letter Agreement dated March 1, 2006 (the "License"), as assigned to DCOR, LLC a Texas limited liability company ("DCOR") covering the property therein described (the "License Area").

Assignee hereby accepts the foregoing assignment, assumes and agrees to perform all of the covenants, conditions, agreements and obligations of Assignor under the License that arise or accrue on or after the Effective Date.

2. Assignee as Easement Holder. The parties understand and agree (and, by execution below, Licensee understands and agrees) that Assignor has previously granted or concurrently herewith is granting to Assignee a non-exclusive easement of the entire License Area pursuant to that certain Easement Agreement of even date herewith by and between Assignor and Assignee (the "Easement Agreement") and that, based on the Easement Agreement, Assignee shall be deemed to be the "Owner" under the License Agreement for all purposes, notwithstanding that Assignee does not own fee title to the License Area.

3. Indemnification. Assignor shall, from and after the Effective Date, indemnify, defend, and hold Assignee harmless from any liabilities, losses, costs, demands, damages, claims, suits, judgments or expenses (including, without limitation, attorneys' fees and costs) incurred by Assignee arising out of or connected with the License that arose or accrued prior to the Effective Date.

Assignor shall, from and after the Effective Date, indemnify, defend, and hold Assignee harmless from any liabilities, losses, costs, demands, damages, claims, suits, judgments or expenses (including, without limitation, attorneys' fees and costs) incurred by Assignor arising out of or connected with the License that arise or accrue on or after the Effective Date.

4. Representations and Warranties. Assignor and Assignee each represent and warrant to each other that it is qualified and has full power and authority to execute this Assignment, and that the person signing this Assignment on its behalf is authorized to do so. Assignor further represents and warrants to Assignee that (i) the License is in full force and effect, (ii) Assignor has the right to assign its rights under the License to Assignee, (iii) Assignor

has not previously assigned its rights under the License Agreement to any other party, and (v) Assignee shall be entitled to receive any and all revenues received from the Licensee under the License Agreement.

5. Binding Agreement. This Assignment shall be binding upon and inure to the benefit of the successors and assigns of the respective parties hereto.

6. Attorneys' Fees. In the event of any controversy arising out of or in connection with this Assignment, the prevailing party in any such action or proceeding shall be entitled to receive from the other party all costs and expenses, including actual attorneys' fees, disbursements, and court costs reasonably incurred by the prevailing party in connection with such action or proceeding.

7. Governing Law. This Assignment shall be governed by, interpreted under and construed in accordance of the laws of the State of California.

8. Counterparts. This Assignment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall collectively constitute one agreement.

IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment as of the Effective Date written above.

Assignor:

Bay City Partners, a California limited liability company

By: 

Rocky Gentner, Member

By: 

Bob A. Griffith, Member

By: 

Brian Kyle, Member

By: 

James Parkhurst, Member

By: 

Cindy Atkinson, as Trustee of The Atkinson Family Trust

Assignee:

Atkinson LLC:

Atkinson LLC, a California limited liability company

By: 
Cindy Atkinson, Member

Gentner LLC:

Tenth Street Building, LLC, a California limited liability company

By: Rocky and Deborah Gentner Family, LLC,
a California limited liability company

By: 
Rocky Gentner, Managing Member

Griffith LLC:

Main & PCH, LLC, a California limited liability company

By: 
Bob A. Griffith, Managing Member

Kyle LLC:

Kyle, LLC, a California limited liability company

By: 
Brian Kyle, Sole Member

Parkhurst LLC:

Parkhurst, LLC, a California limited liability company

By: 
James Parkhurst, Managing Member

ACCEPTED AND AGREED:

DCOR hereby acknowledges and consents to the foregoing Assignment of License Agreement by and between Assignor and Assignee. DCOR acknowledges that as a result of this Assignment, the License Agreement is now between DCOR and the Assignee (i.e., the easement holders of the License Area). DCOR further acknowledges and agrees that as a result of this Assignment, as of the Effective Date Assignor is hereby released from any and all obligations under the License Agreement, and Assignee is solely obligated thereunder. DCOR agrees, from and after November 30 2009, until notified otherwise by a majority in interest of the easement holders, to make separate payments of the amounts due under the License Agreement to each of Atkinson LLC, Gentner LLC, Griffith LLC, Kyle LLC and Parkhurst LLC according to the percentage interest held by each and at the address for each as set on Schedule I attached hereto.

DCOR, LLC,
a Texas limited liability company

By: Jeffrey H. Warren

Name: Jeffrey H. Warren

Title: Vice President

Schedule to Assignment of License Agreement

Atkinson LLC (12.5%)
4592 Orion Street
Huntington Beach, CA 92649
Attn: Cindy Atkinson

Tenth Street Building, LLC (25%)
2999 Westminster Avenue, Suite 203
Seal Beach, CA 90740
Attn: Rocky Gentner

Main & PCH, LLC (25%)
1225 Catalina Avenue
Seal Beach, CA 90740
Attn: Bob Griffith

Kyle, LLC (12.5%)
P.O. Box 179
Seal Beach, CA 90740
Attn: Brian Kyle

Park-e, LLC (25%)
107 Opal Ave.
Newport Beach, CA 92662
Attn: Jim Parkhurst

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

City of Seal Beach
211 8th Street
Seal Beach, CA 90740
Attn: City Clerk

Recorded in Official Records, Orange County
Tom Daly, Clerk-Recorder

NO FEE

2011000153854 3:32 pm 03/24/11

47 415 E01 7

0.00 0.00 0.00 0.00 18.00 0.00 0.00 0.00

(SPACE ABOVE THIS LINE FOR RECORDER'S USE)

Exempt from payment of recording fee –
California Government Code §§ 6103 and 27383

**GRANT OF EASEMENT FOR SEWER ACCESS,
CONSTRUCTION AND MAINTENANCE PURPOSES**

Bay City Partners LLC, a California limited liability company, owners of certain real property situated in the City of Seal Beach, County of Orange, State of California ("Grantor"), hereby grant to the CITY OF SEAL BEACH, a municipal corporation ("Grantee"), an irrevocable easement for sewer access, construction and maintenance purposes, in, over, across and along said certain real property described in Exhibit "A" and delineated on Exhibit "B" attached hereto and made a part hereof by this reference.

SUBJECT TO easements and rights of way of record or apparent.

RESERVING UNTO GRANTOR, its successors and assigns, the right to use said land for any purpose, that will not in any way interfere with the use by Grantee of this easement.

Dated: March 17, 2011

BAY CITY PARTNERS LLC, a California
limited liability company

By:

Bob A. Griffith
Bob A. Griffith, Member

By:

Brian Kyle
Brian Kyle, Member

By:

James Parkhurst
James Parkhurst, Member

By:

Cindy Atkinson Jr
Cindy Atkinson, Member

TT
7P
HP
CK

EXHIBIT A
SEWER EASEMENT LEGAL DESCRIPTION

THAT PORTION OF BLOCK B OF BAY CITY, IN THE CITY OF SEAL BEACH, COUNTY OF ORANGE, STATE OF CALIFORNIA, PER MAP RECORDED IN BOOK 3, PAGE 19 OF MISCELLANEOUS MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE POINT OF INTERSECTION OF THE EXTENSION OF THE SOUTHEASTERLY LINE OF FIRST STREET AND THE SOUTHWESTERLY LINE OF OCEAN AVENUE AS SAID STREETS ARE SHOWN ON THE MAP OF SAID BAY CITY; THENCE, NORTH 54°44'12" WEST, 13.95 FEET ALONG THE SOUTHWESTERLY LINE OF OCEAN AVENUE, AS SHOWN ON RECORD OF SURVEY NO. 2002-1090, FILED AS INSTRUMENT NO. 2003000516244 IN BOOK 193, PAGE 47 OF RECORDS OF SURVEY IN THE OFFICE OF THE COUNTY RECORDER OF ORANGE COUNTY, STATE OF CALIFORNIA, TO A POINT ALSO BEING THE INTERSECTION OF A CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 500.00 FEET WITH A RADIAL TO SAID CURVE AT SAID POINT BEARING NORTH 58°15'19" WEST; THENCE, SOUTHWESTERLY, 106.15 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 12°09'49" TO A POINT OF COMPOUND CURVE WITH A CURVE CONCAVE NORTHWESTERLY HAVING A RADIUS OF 200.00 FEET, A RADIAL THROUGH SAID POINT OF COMPOUND CURVE BEARING NORTH 46°05'30" WEST; THENCE, SOUTHWESTERLY, 22.35 FEET ALONG SAID 200.00-FOOT RADIUS CURVE THROUGH A CENTRAL ANGLE OF 6°24'07" TO A POINT OF TANGENCY WITH A LINE BEARING SOUTH 50°18'37" WEST; THENCE, SOUTH 50°18'37" WEST ALONG SAID TANGENT LINE 42.77 FEET TO A POINT OF TANGENCY WITH A CURVE CONCAVE NORTHWESTERLY HAVING A RADIUS OF 90.00 FEET; THENCE, SOUTHWESTERLY, 17.98 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 11°26'52" TO A POINT OF REVERSE CURVE WITH A CURVE CONCAVE SOUTHEASTERLY HAVING A RADIUS OF 400.00 FEET, A RADIAL THROUGH SAID POINT OF REVERSE CURVE BEARING SOUTH 28°14'31" EAST; THENCE, SOUTHWESTERLY, 78.24 FEET ALONG SAID 400.00-FOOT RADIUS CURVE THROUGH A CENTRAL ANGLE OF 11°12'25" TO THE SOUTHWESTERLY LINE OF SAID RECORD OF SURVEY NO. 2002-1090; THENCE, ALONG THE SOUTHWESTERLY AND SOUTHEASTERLY LINES OF SAID RECORD OF SURVEY THE FOLLOWING COURSES AND DISTANCES:

1. SOUTH 21°50'35" EAST, 32.84 FEET;
2. SOUTH 57°53'35" EAST, 55.32 FEET;
3. NORTH 32°17'25" EAST, 273.93 FEET TO THE POINT OF BEGINNING.

CONTAINING 10,768 SQUARE FEET, MORE OR LESS.

ALL AS MORE PARTICULARLY SHOWN ON EXHIBIT B ATTACHED HERETO AND MADE A PART HEREOF.

SEWER EASEMENT

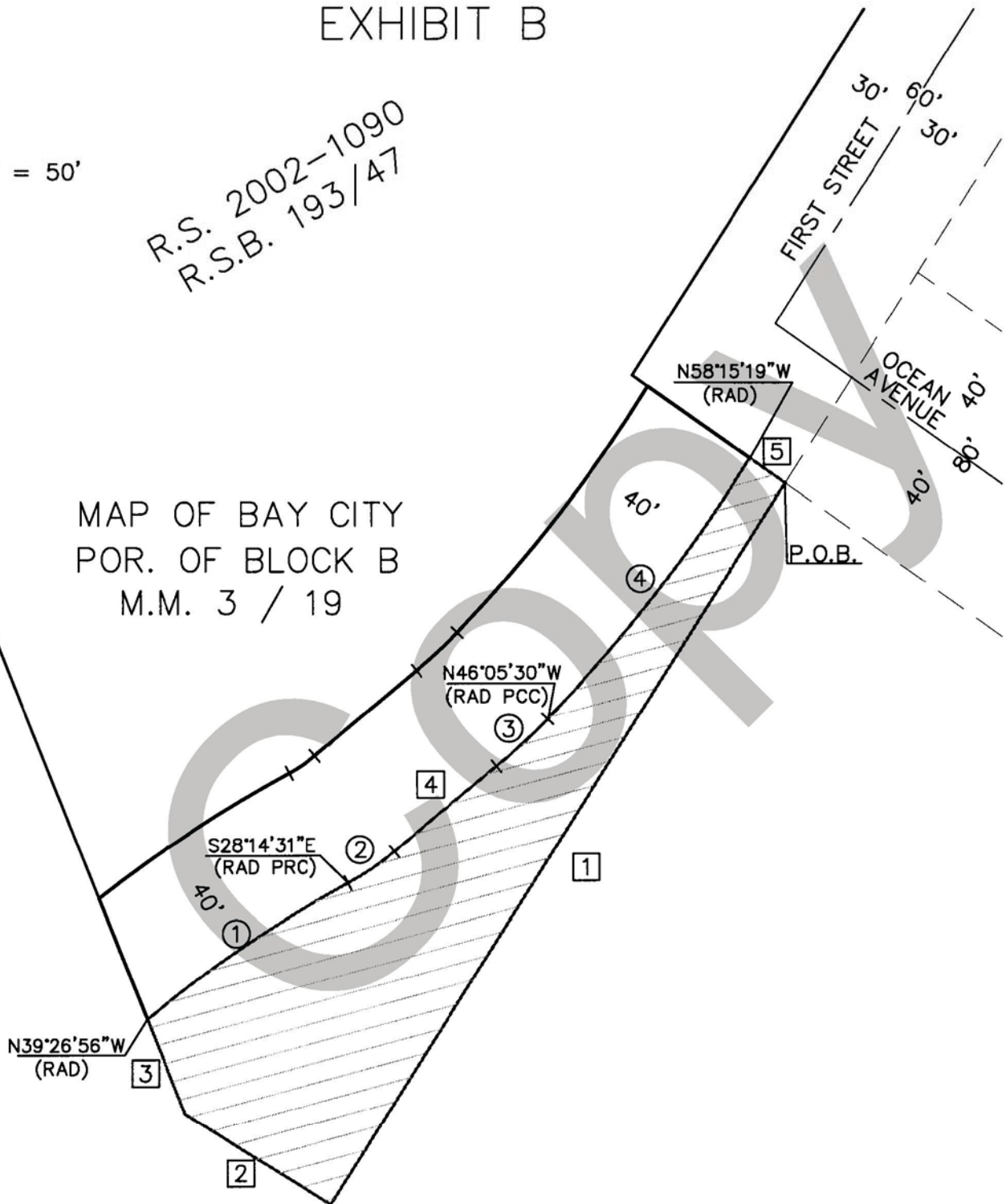
EXHIBIT B



SCALE: 1" = 50'

R.S. 2002-1090
R.S.B. 193/47

MAP OF BAY CITY
POR. OF BLOCK B
M.M. 3 / 19



| ○ | DELTA | RADIUS | LENGTH | □ | BEARING | DISTANCE |
|---|-----------|---------|---------|---|-------------|----------|
| 1 | 11°12'25" | 400.00' | 78.24' | 1 | S32°17'25"W | 273.93' |
| 2 | 11°26'52" | 90.00' | 17.98' | 2 | N57°53'35"W | 55.32' |
| 3 | 6°24'07" | 200.00' | 22.35' | 3 | N21°50'35"W | 32.84' |
| 4 | 12°09'49" | 500.00' | 106.15' | 4 | N50°18'37"E | 42.77' |
| | | | | 5 | S54°44'12"E | 13.95' |

CERTIFICATE OF ACCEPTANCE

This is to certify that the easement conveyed by grant dated March 17, 2011 from Bay City Partners LLC to the City of Seal Beach, a Municipal Corporation, is hereby accepted by the undersigned officer on behalf of the Seal Beach City Council pursuant to authority conferred by Seal Beach City Council Resolution No. 2271 adopted on November 26, 1973, and the grantee consents to the recordation thereof by its duly authorized officer.

Dated 03/24/2011

City of Seal Beach

By S. Anita Chaparond for
City Clerk

RESOLUTION NUMBER 6151

A RESOLUTION OF THE SEAL BEACH CITY COUNCIL CONSENTING TO AND APPROVING PAYMENTS BY THE SEAL BEACH REDEVELOPMENT AGENCY FOR THE VALUE OF A SEWER EASEMENT AND FEE TITLE TO CERTAIN PROPERTY FOR OPEN SPACE AND IN CONNECTION WITH THE CITY'S REFURBISHMENT AND IMPROVEMENT OF ITS RIVER'S END STAGING AREA AND SAN GABRIEL RIVER BIKE TRAIL

RECITALS:

A. Bay City Partners LLC, ("Bay City") owns vacant land (the "Property") located between 1st Street and the San Gabriel River, and between Marina Drive and the City beach in the City of Seal Beach. Previously, the Los Angeles Department of Water and Power owned the property and operated a power plant thereon. The Property is located within the Riverfront Redevelopment Project Area and the DWP Specific Plan area. Bay City proposes to develop the Property with single-family homes (the "Proposed Residential Project") on the northerly portion of the Property. State law and the City's Charter and Municipal Code require Bay City to obtain land use and other entitlements and permits from the City and other agencies including a coastal development permit ("CDP") from the California Coastal Commission in connection with its Project. The remaining portion of the Property lies generally and largely south of the westerly prolongation of the southern right-of-way boundary of Central Way and is referred to herein as the "Open Space." The City's Specific Plan for the Property defines the open space uses as "Public parks, green belts, bike trails, nature trails, hiking trails, and any passive recreational uses normally located in parks or open spaces." The Redevelopment Plan for the Riverfront Redevelopment Project designates the open space area as parkland. The Redevelopment Agency's 5 year implementation plan contains, *inter alia*, the goals that the Agency will "assist in the redevelopment of the former Los Angeles Department of Water and Power (DWP) site" and "Increase parks and recreation opportunities that leads to increased economic activity."

B. The City of Seal Beach (the "City") seeks to refurbish and improve its River's End Staging Area and San Gabriel River Bike Trail (the "River's End Project"). Much of the River's End Project is located on property adjacent to the southwesterly and southerly boundaries of the Property. A segment of the bike trail that is part of the River's End Project crosses onto the Property along the San Gabriel River at the Property's westerly property line (the "Bike Trail Parcel").

C. The City and Bay City engaged in litigation including a complaint in eminent domain filed by the City seeking to acquire two portions of the Property: (1) The "Driveway," a public access roadway from First Street and Ocean Avenue to the public parking lot that serves the River's End Project and maintains public access to the public beach, the Pacific Ocean, Windsurfer Park, the First Street beach parking lot, and the River's End Café; and (2) The "Sewer Parcel," a sewer maintenance area to maintain an existing City sewer line. Pursuant to the California Environmental Quality Act, Bay City filed a writ of mandate challenging the City's issuance of a mitigated negative declaration for the River's End Project. The City incurred substantial litigation costs, including attorneys' fees, consultant and expert witness costs, mediation costs and court costs, in connection with the litigation. For the fiscal year 2010-11, those costs are not less than \$300,000.

D. To resolve all disputes and litigation between the parties, Bay City, the City and the Redevelopment Agency of the City of Seal Beach (the "Agency"), entered into a Settlement Agreement and Mutual Release (the "Agreement").

E. Pursuant to the Agreement, the City paid \$900,000 to Bay City and, in exchange, Bay City conveyed to the City an irrevocable easement for the Sewer Parcel for sewer access, construction and maintenance purposes. In addition, Bay City leased to the City the Driveway and the Bike Trail Parcel, which enables the City to install its improvements to the Driveway and the Bike Trail.

F. Pursuant to the Agreement, in the event the City approves the Proposed Residential Project and the Coastal Commission issues a CDP to Bay City for the Proposed Residential Project, the City will pay to Bay City the amount of \$1,100,000 and Bay City, in exchange, will convey to the City fee title to (1) Open Space for future open space and park uses, which consists of all of the land south of the westerly prolongation of the southern right-of-way boundary of Central Way, *except* ±1,200 square feet of land within the Proposed Residential Project area south of the westerly prolongation of the southern right-of-way boundary of Central Way; (2) the Driveway; (3) the Sewer Parcel; and (4) the Bike Trail Parcel.

G. If the Coastal Commission does not issue a CDP to Bay City for the Proposed Residential Project, or the City does not approve the Proposed Residential Project, the parties shall have no obligations as described in paragraph F, above.

NOW, THEREFORE, THE SEAL BEACH CITY COUNCIL HEREBY FINDS, DETERMINES, RESOLVES AND ORDERS AS FOLLOWS:

Section 1. Pursuant to provisions of the Community Redevelopment Law (California Health and Safety Code Section 33000, et seq.) (the "Redevelopment Law"), and in particular Section 33445 thereof:

- A. The Agency shall reimburse the City \$1,200,000 for the cost of acquiring the irrevocable easement for the Sewer Parcel as described in Recitals C-E, above (the "Easement"); and
- B. In the event the City becomes obligated under the Agreement to pay Bay City \$1,100,000 for the cost of acquiring fee title to: the Open Space; the Driveway; the Sewer Parcel; and the Bike Trail Parcel, as described in Recital F above (collectively, the "Parcels"), the Agency shall reimburse the City for such payment, or make such payment on behalf of the City.

Section 2. The City acquired the Easement through a short-term borrowing from the City's sewer enterprise fund; however, pursuant to prior understandings of the Agency and City, the cost of acquiring the Easement has been allocated to the Agency. Except for the funds advanced by the City from the sewer enterprise fund (which must be repaid and used for the installation of capital improvements to the sewer system), no funds of the City were, are, or are reasonably expected to be, available on a long-term basis under the budget of the City to pay for the cost of acquiring the Easement or the Parcels. Traditional methods of financing such as the issuance of general obligation bonds by the City are unavailable as a practical matter because of the extraordinary majority voter approval requirements of two-thirds of the electorate. Assessment financing or special tax financing could overburden benefitting properties with assessments or special taxes which would be added to existing taxes and assessments, and, in addition, special taxes and assessments require voter or property owner approval.

In April 2005, the City successfully applied to the Rivers and Mountain Conservancy for a grant to help fund the River's End Project. However, this grant will be used to finance the improvements to the River's End Project and is not available to fund any costs associated with the acquisition of the Easement or the Parcels.

Section 3. The Property, including the Open Space, Driveway, the Sewer, and Bike Trail Parcels, and portions of the River's End Project are located within the Riverfront Redevelopment Project Area (the "Project Area"). Acquisition of the Sewer Easement is necessary to provide service to property within the Project Area. The Bike Trail Parcel is required to complete the San Gabriel River bike trail. The Driveway is required to maintain public access to the public beach, the Pacific Ocean, Windsurfer Park, the First Street parking lot, and the River's End Café. The sewer within the Sewer Parcel provides service to the buildings within the River's End Project and will provide service to buildings and facilities within the Project Area. The Open Space is located within the Project Area and is designated as parkland in the applicable Specific Plan and the Redevelopment Plan.

The River's End Project and the proposed park will serve the residents and taxpayers of the City, including the Project Area. The Project Area is an area in which the combination of conditions of blight is so prevalent and so substantial that it causes a reduction of, or lack of, proper utilization of the area to such an extent that it constitutes a serious physical and economic burden on the City which cannot reasonably be expected to be reversed or alleviated by private enterprise or governmental action, or both, without redevelopment. Among other things, the Project Area contains vacant and underutilized properties and properties which suffer from economic dislocation, deterioration or disuse, including depreciated or stagnant property values and impaired investments, and deteriorated, aged and obsolete buildings. In addition, the Project Area is characterized by the existence of inadequate open space and public improvements and public facilities, including recreational facilities, which cannot be remedied by private or governmental action, or both, without redevelopment. The lack of adequate open space and public improvements and facilities hinders economic development opportunities and contributes to the existence of depreciated and stagnant property values and impaired investments in the Project Area.

The River's End Project and the proposed park will assist in remedying a lack of adequate open space and public improvements and facilities and will thereby encourage private sector investment in the Project Area, thereby facilitating and accelerating the redevelopment of the Project Area. The River's End Project will assist in eliminating factors which prevent or substantially hinder the economically viable use or capacity of buildings or lots, assist the revitalization of the Project Area, help to reverse depreciated or stagnant property values and impaired investments, encourage private sector investment, create job opportunities, promote the economic viability of businesses in the Project Area, attract new businesses, assist in retaining existing businesses, and encourage business expansion, thereby facilitating the redevelopment of the Project Area, all for the health, safety and welfare of the residents, businesses, and taxpayers of the Project Area.

The River's End Project and proposed park will serve a basic purpose of redevelopment; which includes the provision of structures as may be appropriate or necessary in the interest of the general welfare, including recreational and other facilities. In addition, a fundamental purpose of redevelopment is to provide an environment for the social, economic and psychological growth and well-being of all citizens. The River's End Project and the proposed park will serve the human need for fresh air, sunlight, physical exercise, recreation and social interaction and psychological release, contributing to the well-being of the community.

Section 4. The City Council hereby finds and determines that based upon the foregoing and other information presented to the City (i) the acquisition of the Easement and the Parcels are of benefit to the Project Area by helping to eliminate blight within the Project Area; (ii) the payment of funds by the Agency for the acquisition of the Easement and the Parcels is consistent with the Agency's implementation plan adopted pursuant to Health and Safety Code Section 33490; and (iii) no other reasonable means of financing the acquisition of the Easement or the Parcels are available to the City.

Section 5. In accordance with Section 1A, the Agency shall pay to the City the sum of \$1,200,000 ("City Advance") together with interest accruing thereon at the compound annual rate of 6% from the date of adoption of this Resolution to the date of such payment from (i) tax increment generated in the Project Area and eligible to be allocated to the Agency pursuant to the Redevelopment Law, or to any successor agency or entity of the Agency and/or any entity established by law to carry out the redevelopment plan for the Project Area and/or expend tax increment or pay indebtedness of the Agency; (ii) available proceeds of tax allocation bonds or other obligations of the Agency; (iii) available proceeds from loans or other obligations which constitute indebtedness of the Agency repayable from tax increment (as described in the foregoing clause (i)); or (iv) any other available funds of the Agency.

The Agency shall make such payments, including compounded annual interest accrued on the City Advance from the date of adoption of this Resolution pursuant to the Loan Amortization Schedule attached hereto as Attachment A and incorporated by this reference.

Payments shall be applied first to accrued interest and then to principal. In any event, the Agency hereby agrees that all amounts due hereunder, including all outstanding principal and accrued interest, shall be due and payable to the City by the date established in the redevelopment plan for the Project Area as the time limit for the repayment of indebtedness.

Section 6. Pursuant to Section 1B, in the event the City becomes obligated under the Agreement to pay Bay City \$1,100,000 for the cost of acquiring fee title to the Parcels, the Agency shall, within a reasonable time after receipt of an invoice by the City seeking reimbursement or payment by the Agency, pay to or on behalf of the City all amounts due thereunder from (i) tax increment generated in the Project Area and eligible to be allocated to the Agency pursuant to the Redevelopment Law, or to any successor agency or entity of the Agency and/or any entity established by law to carry out the redevelopment plan for the Project Area and/or expend tax increment or pay indebtedness of the Agency; (ii) available proceeds of tax allocation bonds or other obligations of the Agency; (iii) available proceeds from loans or other obligations which constitute indebtedness of the Agency repayable from tax increment (as described in the foregoing clause (i)); or (iv) any other available funds of the Agency. Amounts not paid by the Agency to the City within 30 days of receipt of an invoice therefor shall bear interest at the rate then paid to the City on its funds invested in the Local Agency Investment Fund ("LAIF"), plus one and one-half percent per annum from the date of such invoice to the date of repayment. Payments shall be applied first to accrued interest and then to principal. In any event, the Agency hereby agrees that all amounts due hereunder, including all outstanding principal and accrued interest, shall be due and payable to the City by the date established in the redevelopment plan for the Project Area as the time limit for the repayment of indebtedness.

Section 7. The obligations of the Agency shall constitute an indebtedness of the Agency for the purpose of carrying out the redevelopment plan for the Project Area. The Agency's obligation to pay to or for the benefit of the City all amounts due hereunder, shall, without the necessity of further action by the Agency or the City, be junior and subordinate to all other obligations or indebtedness heretofore or hereafter voluntarily incurred by the Agency,

including bonds or loans secured by a pledge of tax increment revenues derived from the Project Area, and to all pre-existing statutory obligations of the Agency pursuant to Sections 33607.5, 33607.7 or 33676 of the Redevelopment Law.

Section 8. The City Council hereby consents to and approves payment by the Agency in accordance with the terms set forth herein. The City Council hereby directs the City Manager and/or other authorized officers to take such actions, perform such deeds and execute, acknowledge and deliver such instruments and documents as such officer deems necessary in connection with the payments required pursuant to this Resolution. Any such previous payments, actions, deeds, execution, acknowledgment or delivery are hereby ratified. Any moneys paid or to be paid initially by the City for the costs described herein will constitute loans of such moneys by the City to the Agency.

PASSED, APPROVED and ADOPTED by the Seal Beach City Council at a regular meeting held on the 27th day of June, 2011 by the following vote:

AYES: Council Members Deaton, Spritt, Miller, Shanks, Sloan

NOES: Council Members None

ABSENT: Council Members None

ABSTAIN: Council Members None

[Signature]
Mayor

ATTEST:

[Signature]
City Clerk



STATE OF CALIFORNIA }
COUNTY OF ORANGE } SS
CITY OF SEAL BEACH }

I, Linda Devine, City Clerk of the City of Seal Beach, do hereby certify that the foregoing resolution is the original copy of Resolution Number 6151 on file in the office of the City Clerk, passed, approved, and adopted by the Seal Beach City Council at a regular meeting held on the 27th day of June, 2011.

[Signature]
City Clerk

Exhibit A

Loan Amortization Schedule

Loan Amortization Schedule

| Enter values | | | | Loan summary | | | |
|-----------------------------|-----------------|-------------------|---------------|------------------------------|---|---------------------------|---------------|
| Loan amount | \$ 1,200,000.00 | Scheduled payment | \$ 448,931.78 | Scheduled number of payments | 3 | Actual number of payments | 3 |
| Annual interest rate | 6.00 % | | | | | Total early payments | \$ - |
| Loan period in years | 3 | | | | | Total interest | \$ 146,795.33 |
| Number of payments per year | 1 | | | | | | |
| Start date of loan | 7/1/2011 | | | | | | |
| Optional extra payments | \$ - | | | | | | |

Lender name: _____

| Pmt No. | Payment Date | Beginning Balance | Scheduled Payment | Extra Payment | Total Payment | Principal | Interest | Ending Balance | Cumulative Interest |
|---------|--------------|-------------------|-------------------|---------------|---------------|---------------|--------------|----------------|---------------------|
| 1 | 7/1/2012 | \$ 1,200,000.00 | \$ 448,931.78 | - | \$ 448,931.78 | \$ 376,931.78 | \$ 72,000.00 | \$ 823,068.22 | \$ 72,000.00 |
| 2 | 7/1/2013 | 823,068.22 | 448,931.78 | - | 448,931.78 | 399,547.68 | 49,384.09 | 423,520.54 | 121,384.09 |
| 3 | 7/1/2014 | 423,520.54 | 448,931.78 | - | 423,520.54 | 398,109.31 | 25,411.23 | 0.00 | 146,795.33 |

RESOLUTION NUMBER 11-10

A RESOLUTION OF THE SEAL BEACH REDEVELOPMENT AGENCY APPROVING PAYMENTS BY THE AGENCY FOR THE VALUE OF A SEWER EASEMENT AND FEE TITLE TO CERTAIN PROPERTY FOR OPEN SPACE AND IN CONNECTION WITH THE CITY'S REFURBISHMENT AND IMPROVEMENT OF ITS RIVER'S END STAGING AREA AND SAN GABRIEL RIVER BIKE TRAIL

RECITALS:

A. Bay City Partners LLC, ("Bay City") owns vacant land (the "Property") located between 1st Street and the San Gabriel River, and between Marina Drive and the City beach in the City of Seal Beach. Previously, the Los Angeles Department of Water and Power owned the property and operated a power plant thereon. The Property is located within the Riverfront Redevelopment Project Area and the DWP Specific Plan area. Bay City proposes to develop the Property with single-family homes (the "Proposed Residential Project") on the northerly portion of the Property. State law and the City's Charter and Municipal Code require Bay City to obtain land use and other entitlements and permits from the City and other agencies including a coastal development permit ("CDP") from the California Coastal Commission in connection with its Project. The remaining portion of the Property lies generally and largely south of the westerly prolongation of the southern right-of-way boundary of Central Way and is referred to herein as the "Open Space." The City's Specific Plan for the Property defines the open space uses as "Public parks, green belts, bike trails, nature trails, hiking trails, and any passive recreational uses normally located in parks or open spaces." The Redevelopment Plan for the Riverfront Redevelopment Project designates the open space area as parkland. The Redevelopment Agency's 5 year implementation plan contains, *inter alia*, the goals that the Agency will "assist in the redevelopment of the former Los Angeles Department of Water and Power (DWP) site" and "Increase parks and recreation opportunities that leads to increased economic activity."

B. The City of Seal Beach (the "City") seeks to refurbish and improve its River's End Staging Area and San Gabriel River Bike Trail (the "River's End Project"). Much of the River's End Project is located on property adjacent to the southwesterly and southerly boundaries of the Property. A segment of the bike trail that is part of the River's End Project crosses onto the Property along the San Gabriel River at the Property's westerly property line (the "Bike Trail Parcel").

C. The City and Bay City engaged in litigation including a complaint in eminent domain filed by the City seeking to acquire two portions of the Property: (1) The "Driveway," a public access roadway from First Street and Ocean Avenue to the public parking lot that serves the River's End Project and maintains public access to the public beach, the Pacific Ocean, Windsurfer Park, the First Street beach parking lot, and the River's End Café; and (2) The "Sewer Parcel," a sewer maintenance area to maintain an existing City sewer line. Pursuant to the California Environmental Quality Act, Bay City filed a writ of mandate challenging the City's issuance of a mitigated negative declaration for the River's End Project. The City incurred substantial litigation costs, including attorneys' fees, consultant and expert witness costs, mediation costs and court costs, in connection with the litigation. For the fiscal year 2010-11, those costs are not less than \$300,000.

D. To resolve all disputes and litigation between the parties, Bay City, the City and the Redevelopment Agency of the City of Seal Beach (the "Agency"), entered into a Settlement Agreement and Mutual Release (the "Agreement").

E. Pursuant to the Agreement, the City paid \$900,000 to Bay City and, in exchange, Bay City conveyed to the City an irrevocable easement for the Sewer Parcel for sewer access, construction and maintenance purposes. In addition, Bay City leased to the City the Driveway and the Bike Trail Parcel, which enables the City to install its improvements to the Driveway and the Bike Trail.

F. Pursuant to the Agreement, in the event the City approves the Proposed Residential Project and the Coastal Commission issues a CDP to Bay City for the Proposed Residential Project, the City will pay to Bay City the amount of \$1,100,000 and Bay City, in exchange, will convey to the City fee title to (1) Open Space for future open space and park uses, which consists of all of the land south of the westerly prolongation of the southern right-of-way boundary of Central Way, *except* $\pm 1,200$ square feet of land within the Proposed Residential Project area south of the westerly prolongation of the southern right-of-way boundary of Central Way; (2) the Driveway; (3) the Sewer Parcel; and (4) the Bike Trail Parcel.

G. If the Coastal Commission does not issue a CDP to Bay City for the Proposed Residential Project, or the City does not approve the Proposed Residential Project, the parties shall have no obligations as described in paragraph F, above.

NOW, THEREFORE, THE SEAL BEACH REDEVELOPMENT AGENCY HEREBY FINDS, DETERMINES, RESOLVES AND ORDERS AS FOLLOWS:

Section 1. Pursuant to provisions of the Community Redevelopment Law (California Health and Safety Code Section 33000, et seq.) (the "Redevelopment Law"), and in particular Section 33445 thereof:

- A. The Agency shall reimburse the City \$1,200,000 for the cost of acquiring the irrevocable easement for the Sewer Parcel as described in Recitals C-E, above (the "Easement"); and
- B. In the event the City becomes obligated under the Agreement to pay Bay City \$1,100,000 for the cost of acquiring fee title to: the Open Space; the Driveway; the Sewer Parcel; and the Bike Trail Parcel, as described in Recital F above (collectively, the "Parcels"), the Agency shall reimburse the City for such payment, or make such payment on behalf of the City.

Section 2. The City acquired the Easement through a short-term borrowing from the City's sewer enterprise fund; however, pursuant to prior understandings of the Agency and City, the cost of acquiring the Easement has been allocated to the Agency. Except for the funds advanced by the City from the sewer enterprise fund (which must be repaid and used for the installation of capital improvements to the sewer system), no funds of the City were, are, or are reasonably expected to be, available on a long-term basis under the budget of the City to pay for the cost of acquiring the Easement or the Parcels. Traditional methods of financing such as the issuance of general obligation bonds by the City are unavailable as a practical matter because of the extraordinary majority voter approval requirements of two-thirds of the electorate. Assessment financing or special tax financing could overburden benefitting properties with assessments or special taxes which would be added to existing taxes and assessments, and, in addition, special taxes and assessments require voter or property owner approval.

In April 2005, the City successfully applied to the Rivers and Mountain Conservancy for a grant to help fund the River's End Project. However, this grant will be used to finance the improvements to the River's End Project and is not available to fund any costs associated with the acquisition of the Easement or the Parcels.

Section 3. The Property, including the Open Space, Driveway, the Sewer and Bike Trail Parcels, and portions of the River's End Project are located within the Riverfront Redevelopment Project Area (the "Project Area"). Acquisition of the Sewer Easement is necessary to provide service to property within the Project Area. The Bike Trail Parcel is required to complete the San Gabriel River bike trail. The Driveway is required to maintain public access to the public beach, the Pacific Ocean, Windsurfer Park, the First Street parking lot, and the River's End Café. The sewer within the Sewer Parcel provides service to the buildings within the River's End Project and will provide service to buildings and facilities within the Project Area. The Open Space is located within the Project Area and is designated as parkland in the applicable Specific Plan and the Redevelopment Plan.

The River's End Project and the proposed park will serve the residents and taxpayers of the City, including the Project Area. The Project Area is an area in which the combination of conditions of blight is so prevalent and so substantial that it causes a reduction of, or lack of, proper utilization of the area to such an extent that it constitutes a serious physical and economic burden on the City which cannot reasonably be expected to be reversed or alleviated by private enterprise or governmental action, or both, without redevelopment. Among other things, the Project Area contains vacant and underutilized properties and properties which suffer from economic dislocation, deterioration or disuse, including depreciated or stagnant property values and impaired investments, and deteriorated, aged and obsolete buildings. In addition, the Project Area is characterized by the existence of inadequate open space and public improvements and public facilities, including recreational facilities, which cannot be remedied by private or governmental action, or both, without redevelopment. The lack of adequate open space and public improvements and facilities hinders economic development opportunities and contributes to the existence of depreciated and stagnant property values and impaired investments in the Project Area.

The River's End Project and the proposed park will assist in remedying a lack of adequate open space and public improvements and facilities and will thereby encourage private sector investment in the Project Area, thereby facilitating and accelerating the redevelopment of the Project Area. The River's End Project will assist in eliminating factors which prevent or substantially hinder the economically viable use or capacity of buildings or lots, assist the revitalization of the Project Area, help to reverse depreciated or stagnant property values and impaired investments, encourage private sector investment, create job opportunities, promote the economic viability of businesses in the Project Area, attract new businesses, assist in retaining existing businesses, and encourage business expansion, thereby facilitating the redevelopment of the Project Area, all for the health, safety and welfare of the residents, businesses, and taxpayers of the Project Area.

The River's End Project and proposed park will serve a basic purpose of redevelopment; which includes the provision of structures as may be appropriate or necessary in the interest of the general welfare, including recreational and other facilities. In addition, a fundamental purpose of redevelopment is to provide an environment for the social, economic and psychological growth and well-being of all citizens. The River's End Project and the proposed park will serve the human need for fresh air, sunlight, physical exercise, recreation and social interaction and psychological release, contributing to the well-being of the community.

Section 4. The Agency hereby finds and determines that based upon the foregoing and other information presented to the Agency (i) the acquisition of the Easement and the Parcels are of benefit to the Project Area by helping to eliminate blight within the Project Area; (ii) the payment of funds by the Agency for the acquisition of the Easement and the Parcels is consistent with the Agency's implementation plan adopted pursuant to Health and Safety Code Section 33490; and (iii) no other reasonable means of financing the acquisition of the Easement or the Parcels are available to the City.

Section 5. The Agency hereby agrees to be bound by the terms set forth in City Council Resolution No. 6151. Accordingly, pursuant to Section 1A, the Agency hereby determines and agrees that the Agency shall pay to the City the sum of \$1,200,000 ("City Advance") together with interest accruing thereon at the compound annual rate of 6% from the date of adoption of this Resolution to the date of such payment from (i) tax increment generated in the Project Area and eligible to be allocated to the Agency pursuant to the Redevelopment Law, or to any successor agency or entity of the Agency and/or any entity established by law to carry out the redevelopment plan for the Project Area and/or expend tax increment or pay indebtedness of the Agency; (ii) available proceeds of tax allocation bonds or other obligations of the Agency; (iii) available proceeds from loans or other obligations which constitute indebtedness of the Agency repayable from tax increment (as described in the foregoing clause (i)); or (iv) any other available funds of the Agency.

The Agency shall make such payments, including compounded annual interest accrued on the City Advance from the date of adoption of this Resolution pursuant to the Loan Amortization Schedule attached hereto as Attachment A and incorporated by this reference.

Payments shall be applied first to accrued interest and then to principal. In any event, the Agency hereby agrees that all amounts due hereunder, including all outstanding principal and accrued interest, shall be due and payable to the City by the date established in the redevelopment plan for the Project Area as the time limit for the repayment of indebtedness.

Section 6. The Agency hereby agrees to be bound by the terms set forth in City Council Resolution No. 6151. Accordingly, pursuant to Section 1B, in the event the City becomes obligated under the Agreement to pay Bay City \$1,100,000 for the cost of acquiring fee title to the Parcels, the Agency hereby determines and agrees that within a reasonable time after receipt of an invoice by the City seeking reimbursement or payment by the Agency pursuant to this Resolution, the Agency shall pay to or on behalf of the City all amounts due thereunder from (i) tax increment generated in the Project Area and eligible to be allocated to the Agency pursuant to the Redevelopment Law, or to any successor agency or entity of the Agency and/or any entity established by law to carry out the redevelopment plan for the Project Area and/or expend tax increment or pay indebtedness of the Agency; (ii) available proceeds of tax allocation bonds or other obligations of the Agency; (iii) available proceeds from loans or other obligations which constitute indebtedness of the Agency repayable from tax increment (as described in the foregoing clause (i)); or (iv) any other available funds of the Agency. Amounts not paid by the Agency to the City within 30 days of receipt of an invoice therefor shall bear interest at the rate then paid to the City on its funds invested in the Local Agency Investment Fund ("LAIF"), plus one and one-half percent per annum from the date of such invoice to the date of repayment. Payments shall be applied first to accrued interest and then to principal. In any event, the Agency hereby agrees that all amounts due hereunder, including all outstanding principal and accrued interest, shall be due and payable to the City by the date established in the redevelopment plan for the Project Area as the time limit for the repayment of indebtedness.

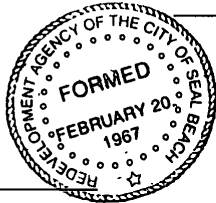
Section 7. The obligations of the Agency pursuant to this Resolution shall constitute an indebtedness of the Agency for the purpose of carrying out the redevelopment plan for the Project Area. The Agency hereby determines and declares that the Agency's obligation to pay to or for the benefit of the City all amounts due hereunder, shall, without the necessity of further action by the Agency or the City, be junior and subordinate to all other obligations or indebtedness heretofore or hereafter voluntarily incurred by the Agency, including bonds or loans secured by a pledge of tax increment revenues derived from the Project Area, and to all pre-existing statutory obligations of the Agency pursuant to Sections 33607.5, 33607.7 or 33676 of the Redevelopment Law.

Section 8. The Agency hereby directs its Executive Director and/or other authorized officers to take such actions, perform such deeds and execute, acknowledge and deliver such instruments and documents as such officer deems necessary in connection with the payments required pursuant to this Resolution. Any such previous payments, actions, deeds, execution, acknowledgment or delivery are hereby ratified. Any moneys paid or to be paid initially by the City for the costs described herein will constitute loans of such moneys by the City to the Agency.

PASSED, APPROVED AND ADOPTED by the Redevelopment Agency of the City of Seal Beach this 27th day of June, 2011 by the following vote:

AYES: Agency Members Deaton, Levitt, Miller, Shanks, Sloan
 NOES: Agency Members None
 ABSENT: Agency Members None
 ABSTAIN: Agency Members None
W. Allen Hor
 Chair

ATTEST:
Linda Devine
 Secretary/City Clerk



STATE OF CALIFORNIA }
 COUNTY OF ORANGE } SS
 CITY OF SEAL BEACH }

I, Linda Devine, City Clerk of the City of Seal Beach, California, do hereby certify that the foregoing Resolution is the original copy of Resolution Number 11-10 on file in the office of the City Clerk, passed, approved, and adopted by the Redevelopment Agency of the City of Seal Beach at a meeting held thereof on the 27th day of June, 2011

Linda Devine
 Secretary/City Clerk

Exhibit A

Loan Amortization Schedule

Loan Amortization Schedule

| Enter values | |
|-----------------------------|-----------------|
| Loan amount | \$ 1,200,000.00 |
| Annual interest rate | 6.00 % |
| Loan period in years | 3 |
| Number of payments per year | 1 |
| Start date of loan | 7/1/2011 |
| Optional extra payments | \$ - |

| Loan summary | |
|------------------------------|---------------|
| Scheduled payment | \$ 448,931.78 |
| Scheduled number of payments | 3 |
| Actual number of payments | 3 |
| Total early payments | \$ - |
| Total interest | \$ 146,795.33 |

Lender name:

| Pmt No. | Payment Date | Beginning Balance | Scheduled Payment | Extra Payment | Total Payment | Principal | Interest | Ending Balance | Cumulative Interest |
|---------|--------------|-------------------|-------------------|---------------|---------------|---------------|--------------|----------------|---------------------|
| 1 | 7/1/2012 | \$ 1,200,000.00 | \$ 448,931.78 | - | \$ 448,931.78 | \$ 376,931.78 | \$ 72,000.00 | \$ 823,068.22 | \$ 72,000.00 |
| 2 | 7/1/2013 | 823,068.22 | 448,931.78 | - | 448,931.78 | 399,547.68 | 49,384.09 | 423,520.54 | 121,384.09 |
| 3 | 7/1/2014 | 423,520.54 | 448,931.78 | - | 423,520.54 | 398,109.31 | 25,411.23 | 0.00 | 146,795.33 |

RESOLUTION NUMBER SA14-02

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SUCCESSOR AGENCY TO THE SEAL BEACH REDEVELOPMENT AGENCY REQUESTING THE OVERSIGHT BOARD TO MAKE A FINDING TO RE-ESTABLISH SEWER EASEMENT LOAN AGREEMENT AS AN ENFORCEABLE OBLIGATION AND TAKING CERTAIN RELATED ACTIONS

RECITALS:

A. The Seal Beach Redevelopment Agency (the "Former RDA") was a duly constituted redevelopment agency pursuant to provisions of the Community Redevelopment Law (the "Redevelopment Law") set forth in Section 33000 et seq. of the Health and Safety Code ("HSC") of the State of California (the "State").

B. The Former RDA undertook a program to redevelop a project area known as the Riverfront Redevelopment Project (the "Project Area").

C. Bay City Partners, LLC ("Bay City"), the Former RDA, the City of Seal Beach (the "City") and the City of Seal Beach Planning Commission, entered into a Settlement Agreement and Mutual Release, dated as of March 16, 2011 (the "Settlement Agreement"), after multiple years of litigation proceedings.

D. The Settlement Agreement, among other matters, provided for Bay City's conveyance of an irrevocable easement on a certain property for sewer access, construction and maintenance purposes (the "Sewer Easement").

E. The acquisition of the Sewer Easement was necessary to provide services to residents and businesses within the Project Area and, therefore, of benefit to the Project Area.

F. The City and the Former RDA agreed that the City would advance certain funds for the costs relating to the acquisition of the Sewer Easement (the "Loan"), with the understanding that the Former RDA would repay the City for such advances.

G. The Former RDA's repayment obligation with respect to the Loan was memorialized by Resolution No. 11-10, adopted by the Former RDA on June 27, 2011, and Resolution No. 6151, adopted by the City Council of the City on June 27, 2011 (together, the "Sewer Easement Loan Agreement").

H. As of the date of this Resolution, \$1,200,000 of the principal amount of the Loan, plus certain accrued interest, remain outstanding and unpaid.

I. Pursuant to AB X1 26 (which became effective at the end of June 2011), and the California Supreme Court's decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.* (53 Cal.4th 231(2011)), the Former RDA was dissolved as of February 1, 2012, the Successor Agency was constituted as the successor entity to the Former RDA, and an oversight board of the Successor Agency (the "Oversight Board") was established.

J. Pursuant to AB X1 26, except for those provisions of the Redevelopment Law that are repealed, restricted or revised pursuant to AB X1 26, all authority, rights, powers, duties and obligations previously vested with the Former RDA under the Redevelopment Law are vested in the Successor Agency.

K. Pursuant to HSC Sections 34171(d) and 34178, the Sewer Easement Loan Agreement became unenforceable on the Successor Agency as of February 1, 2012; provided, however, that pursuant to HSC Section 34191.4(b), the Loan shall be re-established and the Sewer Easement Loan Agreement shall be deemed to be an enforceable obligation after the Successor Agency receives a finding of completion (a "Finding of Completion") from the State Department of Finance (the "DOF") under HSC 34179.7, if the Oversight Board makes a finding that the Loan was for legitimate redevelopment purposes.

L. The DOF issued a Finding of Completion to the Successor Agency on July 16, 2013.

M. The Board desires to adopt this Resolution and requests the Oversight Board to make a finding that the Loan was made for legitimate purposes in order to re-establish Sewer Easement Loan Agreement as an enforceable obligation for the purposes of HSC Section 34191.4(b).

N. It is recognized that, pursuant to HSC Section 34191.4(b), the repayment amount authorized each fiscal year for all loans re-established pursuant to HSC Section 34191.4(b) to be repaid by the Successor Agency to the City shall not exceed one-half of the increase between the amount distributed to taxing entities pursuant to HSC Section 34183(a)(4) in that fiscal year and the amount distributed to taxing entities pursuant to HSC Section 34183(a)(4) in the 2012-13 base year.

O. It is further recognized that HSC Section 34191.4(b)(2) provides that 20 percent of each Loan repayment will be deducted and transferred to the Low and Moderate Income Housing Asset Fund established and held by the Orange County Housing Authority, in the Housing Authority's capacity as the housing successor to the Former RDA pursuant to HSC Section 34176.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE SUCCESSOR AGENCY TO THE SEAL BEACH REDEVELOPMENT AGENCY, HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. The Board hereby requests the Oversight Board to make a finding that the Loan was for legitimate redevelopment purposes and the Sewer Easement Loan Agreement is an enforceable obligation, with the recognition that the repayment terms thereunder shall be modified in accordance with the requirements of HSC Section 34191.4(b). The Secretary of the Successor Agency is hereby authorized and directed to transmit a copy of this Resolution to the Oversight Board.

Section 3. The Finance Officer of the Successor Agency is hereby authorized to develop a repayment schedule for the Loan in accordance with the requirements of Section 34191.4(b). Recognizing that the actual dollar amount to be repaid by the Successor Agency for each scheduled repayment is subject to the availability of funds from the Redevelopment Property Tax Trust Fund and the limitations set forth in HSC Section 34191.4(b), the Finance Officer of the Successor Agency is hereby authorized to modify the repayment schedule from time to time based on the requirements of HSC Section 34191.4(b) and the actual circumstances at the time of the modification.

Section 4. The members of the this Board and the officers of the Successor Agency are hereby authorized, jointly and severally, to do any and all things which they may deem necessary or advisable to effectuate this Resolution.

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Successor Agency at a meeting held on the 24th day of February, 2014.

AYES: Board Members: Deaton, Britt, Miller, Shanks, Sloan

NOES: Board Members: None

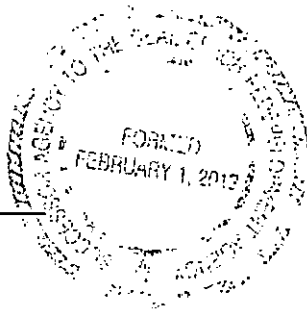
ABSENT: Board Members: None

ABSTAIN: Board Members: None

Jeremy Deaton
Mayor/Chair

ATTEST:

Linda Devine
City Clerk/Secretary



STATE OF CALIFORNIA)
COUNTY OF ORANGE) SS
CITY OF SEAL BEACH)

I, Linda Devine, Secretary to the Successor Agency to the Seal Beach Redevelopment Agency, hereby certify that the foregoing resolution is the original copy of Resolution Number SA14-02 is on file in the office of the City Clerk, passed, approved, and adopted by the Board of Directors of the Successor Agency, held on the 24th day of February, 2014.

Linda Devine
City Clerk/Secretary

**OVERSIGHT BOARD TO THE SUCCESSOR AGENCY
TO THE SEAL BEACH REDEVELOPMENT AGENCY**

AGENDA STAFF REPORT

DATE: February 26, 2014

TO: Oversight Board Members

FROM: Victoria L. Beatley, Staff Member

SUBJECT: **ADMINISTRATIVE BUDGET FOR JULY 1, 2014
THROUGH DECEMBER 31, 2014**

SUMMARY OF REQUEST:

That the Oversight Board for the Successor Agency to the City of Seal Beach Redevelopment Agency adopt Resolution No. OB14-03 approving a proposed administrative budget for the six-month fiscal period from July 1, 2014 through December 31, 2014, and taking certain other related actions.

BACKGROUND AND ANALYSIS:

Pursuant to Part 1.85 of Division 24 of the California Health and Safety Code (the "Redevelopment Dissolution Law"), the Successor Agency must prepare a proposed administrative budget and a Recognized Obligation Payment Schedule ("ROPS") for each six-month fiscal period, both of which must be submitted to the Oversight Board for approval. Each proposed administrative budget must include all of the following: (1) estimated amounts for Successor Agency administrative costs for the applicable six-month fiscal period; (2) proposed sources of payment for the administrative costs; and (3) proposals for arrangements for administrative and operations services provided by the City or other entity.

The Redevelopment Dissolution Law is unclear regarding the required timing for the submission of the proposed administrative budget for the period from July 1, 2014 through December 31, 2014 (*i.e.*, the first half of fiscal year 2014-2015) (Administrative Budget 14-15B) to the Oversight Board. However, because the Successor's Agency's administrative expenditures also have to be reflected on the ROPS, Administrative Budget 14-15A and the ROPS for the same period (ROPS 14-15A) should be consistent.

The Successor Agency is required to submit ROPS 14-15A to the Oversight Board for approval and then submit the Oversight Board-approved ROPS 14-15A

to the State Department of Finance ("DOF"), State Controller and the County Auditor-Controller no later than 90 days before the next scheduled date on which the County Auditor-Controller is to make a Redevelopment Property Tax Trust Fund ("RPTTF") disbursement to the Successor Agency. The deadline for submitting the Oversight Board-approved ROPS 14-15A to DOF is March 3, 2014. Staff has prepared a ROPS 14-15A for the Oversight Board's approval at this meeting as a separate agenda item. Staff recommends that the Board approve Administrative Budget 14-15A on the same date as the Board's approval of ROPS 14-15A.

The Oversight Board must take action by resolution and must provide DOF, by electronic means, written notice and information about the Oversight Board's action.

FISCAL IMPACT:

Under the Redevelopment Dissolution Law, an Administrative Cost Allowance is paid to the Successor Agency from property tax revenues allocated by the County Auditor-Controller. The Administrative Cost Allowance is defined as an amount, subject to the approval of the Oversight Board, which is up to 3% of the property tax allocated for enforceable obligations from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller. The amount shall not be less than \$250,000 for any fiscal year unless the Oversight Board reduces this amount. The Administrative Cost Allowance is subject to reduction if there are insufficient funds to pay the enforceable obligations as listed on the ROPS.

RECOMMENDATION

That the Oversight Board for the Successor Agency to the City of Seal Beach Redevelopment Agency adopt Resolution No. OB14-03 approving a proposed administrative budget for the six-month fiscal period from July 1, 2014 through December 31, 2014, and taking certain other related actions.

Attachments:

Resolution No. OB14-03

Exhibit A, July 1 to December 31, 2014 Administrative Budget

RESOLUTION NUMBER OB14-03

**A RESOLUTION OF THE OVERSIGHT BOARD OF DIRECTORS
FOR THE SUCCESSOR AGENCY TO THE CITY OF SEAL
BEACH REDEVELOPMENT AGENCY APPROVING A
PROPOSED ADMINISTRATIVE BUDGET FOR THE SIX-MONTH
FISCAL PERIOD FROM JULY 1 THROUGH DECEMBER 31,
2014 AND TAKING CERTAIN RELATED ACTIONS**

RECITALS:

A. Pursuant to Health and Safety Code Section 34177(j), the Successor Agency to the City of Seal Beach Redevelopment Agency (the "Successor Agency") must prepare a proposed administrative budget for each six-month fiscal period (commencing each January 1 and July 1) and submit each proposed administrative budget to the Oversight Board for the Successor Agency (the "Oversight Board") for approval.

B. There has been presented to this Board for approval a proposed administrative budget for the Successor Agency for the six-month fiscal period from July 1, 2014 through December 31, 2014 (Administrative Budget 14-15A).

NOW, THEREFORE, THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE CITY OF SEAL BEACH REDEVELOPMENT AGENCY, HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. The Oversight Board hereby approves the proposed Administrative Budget 14-15A substantially in the form attached hereto as Exhibit A.

Section 3. The staff of the Successor Agency is hereby directed to provide the State Department of Finance ("DOF") written notice and information regarding the action taken by the Oversight Board in Section 2 of this Resolution. Such notice and information shall be provided by electronic means and in a manner of DOF's choosing.

Section 4. The officers of the Oversight Board and staff of the Successor Agency are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable to effectuate this Resolution.

PASSED, APPROVED AND ADOPTED by the Oversight Board at a meeting held on the 26th day of February, 2014.

AYES: Board Members: _____

NOES: Board Members: _____

ABSENT: Board Members: _____

ABSTAIN: Board Members: _____

Chair, Oversight Board

ATTEST:

Secretary, Oversight Board

STATE OF CALIFORNIA)
COUNTY OF ORANGE) SS
CITY OF SEAL BEACH)

I, Linda Devine, Secretary to the Oversight Board, hereby certify that the foregoing resolution was duly adopted at a meeting of the Oversight Board, held on the 26th day of February, 2014.

Secretary, Oversight Board

Exhibit A

SUCCESSOR AGENCY TO THE CITY OF SEAL BEACH REDEVELOPMENT AGENCY ADMINISTRATIVE BUDGET

Fiscal Period July 1 - December 31, 2014

CATEGORY I

The items listed below include amounts to be reimbursed by the Successor Agency to the City of Seal Beach, pursuant to a Cooperative Agreement for Advance and Reimbursement of Administrative, Overhead and other Expenses ("Cooperative Agreement"), by and between the City and the Successor Agency, in the form approved by the Successor Agency Board pursuant to Resolution No. SA 12-10, adopted on April 9, 2012. Pursuant to the Cooperative Agreement, the Successor Agency reimburses the City for all costs advanced by the City for the administration and operation of the Successor Agency, including but not limited to value of staff, consultants and legal counsel, office space, equipment, supplies, insurance and other services and facilities.

| DESCRIPTION | PROPOSED ADMINISTRATIVE BUDGET | FUNDING SOURCE |
|---|--------------------------------------|--------------------------|
| <u>Staffing for the Successor Agency</u> | | |
| City Manager (5.00%) | 6,806 | Administrative Allowance |
| City Clerk (3.00%) | 2,351 | Administrative Allowance |
| Accountant (2.00%) | 961 | Administrative Allowance |
| Accounting Technician (2.00%) | 797 | Administrative Allowance |
| Accounting Technician (1.00%) | 357 | Administrative Allowance |
| Finance Manager (5.00%) | 3,575 | Administrative Allowance |
| Director of Finance (10.00%) | 10,113 | Administrative Allowance |
| <u>Staffing for the Oversight Board</u> | | |
| City Manager (1.00%) | 1,361 | Administrative Allowance |
| City Clerk (2.00%) | 1,567 | Administrative Allowance |
| Director of Community Development (1.00%) | 1,055 | Administrative Allowance |
| Finance Manager (1.00%) | 715 | Administrative Allowance |
| Director of Finance (1.00%) | 1,011 | Administrative Allowance |
| <u>Overhead Cost</u> | | |
| Services/Facilities | 687 | Administrative Allowance |
| TOTAL | 31,357 | |

Exhibit A

SUCCESSOR AGENCY TO THE CITY OF SEAL BEACH REDEVELOPMENT AGENCY ADMINISTRATIVE BUDGET

Fiscal Period July 1 - December 31, 2014

CATEGORY II

Health & Safety Code Section 34177 (k) states: "Provide administrative cost estimates, from its approved administrative budget that are to be paid from property tax revenues deposited in the Redevelopment Property Tax Trust Fund, to the county auditor-controller for each six-month fiscal period." Listed below are the administrative cost items that the Successor Agency anticipates to pay from property tax revenues deposited in the Redevelopment Property Tax Trust Fund. These items may include amounts to be reimbursed by the Successor Agency pursuant to the Cooperative Agreement.

Pursuant to Health and Safety Code Section 34177(d)(1)(F), contracts necessary for the administration and operation of the Successor Agency are enforceable obligations. Accordingly, amounts to be paid by the Successor Agency to third party vendors for equipment and supplies necessary for the administration of the Successor Agency and auditors, legal counsel and other consultants for services to the Successor Agency are listed as payments for enforceable obligations on the Recognized Obligation Payment Schedules. The Successor Agency anticipates to pay such costs from property tax revenues deposited in the Redevelopment Property Tax Trust Fund.

| DESCRIPTION | PROPOSED ADMINISTRATIVE BUDGET | FUNDING SOURCE |
|--------------------|--------------------------------------|--------------------------|
| Legal counsel | 30,000 | Administrative Allowance |
| Trustee Fees | 3,650 | Administrative Allowance |
| Arbitrage Analysis | - | Administrative Allowance |
| Auditing Services | - | Administrative Allowance |
| TOTAL | 33,650 | |

CATEGORY III

Costs allocable to particular projects are considered part of the project costs. Listed below are administrative costs that are allocable to projects and not included in the tables above. These items may include amounts to be reimbursed by the Successor Agency pursuant to the Cooperative Agreement.

| DESCRIPTION | PROPOSED ADMINISTRATIVE BUDGET | FUNDING SOURCE |
|-------------------|--------------------------------------|-------------------|
| Staff | - | RPTTF |
| Legal counsel | - | RPTTF |
| Contract Expenses | - | RPTTF |
| TOTAL | - | |

OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE SEAL BEACH REDEVELOPMENT AGENCY

AGENDA STAFF REPORT

DATE: February 26, 2014

TO: Oversight Board Members

FROM: Victoria L. Beatley, Staff Member

SUBJECT: **RECOGNIZED OBLIGATION PAYMENT SCHEDULE
(ROPS) FOR JULY 1, 2014 THROUGH DECEMBER 31,
2014**

SUMMARY OF REQUEST:

Staff recommends that the Oversight Board for the Successor Agency to the City of Seal Beach Redevelopment Agency adopt Resolution No. OB14-04, approving the Recognized Obligation Payment Schedule for the six-month fiscal period from July 1, 2014 through December 31, 2014 and taking certain related actions.

BACKGROUND AND ANALYSIS:

Pursuant to Part 1.85 of Division 24 of the California Health and Safety Code (the "Redevelopment Dissolution Law"), the Successor Agency must prepare a Recognized Obligation Payment Schedule (ROPS) for each six-month fiscal period (commencing each January 1 and July 1), listing the payments to be made by the Successor Agency during such period. All ROPS must be approved by the Oversight Board. Furthermore, each Oversight Board-approved ROPS must be submitted to the State Department of Finance (DOF) for review.

Deadlines for ROPS Submission and Review

The Redevelopment Dissolution Law does not specify a deadline for the Successor Agency to submit the ROPS for July 1, 2014 through December 31, 2014 (ROPS 14-15A) to the Oversight Board for approval. However, the Successor Agency must submit an Oversight Board-approved ROPS 14-15A to the State Department of Finance ("DOF"), State Controller and the County Auditor-Controller no later than 90 days before the next scheduled date on which the County Auditor-Controller is to make a Redevelopment Property Tax Trust Fund ("RPTTF") disbursement to the Successor Agency. The next RPTTF disbursement date is in early June 2014. Therefore, the deadline for submitting the Oversight Board-approved ROPS 13-14B to DOF is March 3, 2014. The

Successor Agency must submit the ROPS to the DOF electronically in the manner of DOF's choosing. A copy of the Oversight Board-approved ROPS must be posted on the Successor Agency's website.

The DOF may eliminate or modify any items on the ROPS before approving the ROPS. The DOF must make its determination regarding the enforceable obligations and the amount and funding source for each enforceable obligation listed on a ROPS no later than 45 days after the ROPS is submitted. Within five business days of the DOF's determination, the Successor Agency may request to "meet and confer" with the DOF on disputed items. The meet and confer period may vary, but an untimely submission of ROPS 14-15A may result in a meet and confer period of less than 30 days.

The County Auditor-Controller may object to the inclusion of any item on the ROPS that is not demonstrated to be an enforceable obligation and may object to the funding source proposed for any item. The County Auditor-Controller must provide notice of its objections to the DOF, the Successor Agency and the Oversight Board by April 1, 2014.

Penalties for Failure to Make Timely Submission

If the Successor Agency does not submit an Oversight Board-approved ROPS by March 3, 2014, the City of Seal Beach will be subject to a civil penalty of \$10,000 per day for every day that the ROPS is not submitted to the DOF. The penalty is to be paid to the County Auditor-Controller for distribution to the taxing entities. If the Successor Agency does not timely submit a ROPS, creditors of the successor agency, the DOF, and affected taxing entities may request a writ of mandate to require the Successor Agency to immediately perform this duty. Additionally, if the Successor Agency does not submit a ROPS within 10 days of March 3rd, the Successor Agency's administrative cost allowance for that period will be reduced by 25 percent.

If the Successor Agency fails to submit an Oversight Board-approved ROPS to the DOF within five business days of "the date upon which the ROPS is to be used to determine the amount of property tax allocations", the DOF may determine whether the County Auditor-Controller should distribute any of property tax revenues to the taxing entities, or whether any amount should be withheld for enforceable obligations pending approval of the ROPS. It is not clear what is "the date upon which the ROPS is to be used to determine the amount of property tax allocations."

FISCAL IMPACT:

The preparation and submittal of ROPS 14-15A is for the purpose of allowing the Successor Agency to pay its enforceable obligations for the period from July 1, 2014 to December, 2014.

RECOMMENDATION

It is recommended that the Oversight Board for the Successor Agency to the City of Seal Beach Redevelopment Agency adopt Resolution No. OB14-04, approving the Recognized Obligation Payment Schedule for the six-month fiscal period from July 1, 2014 through December 31, 2014 and taking certain related actions.

Attachments:

Resolution No. OB14-04
Seal Beach Form 14-15A

RESOLUTION NUMBER OB14-04

**A RESOLUTION OF THE OVERSIGHT BOARD FOR THE
SUCCESSOR AGENCY TO THE CITY OF SEAL BEACH
REDEVELOPMENT AGENCY APPROVING A RECOGNIZED
OBLIGATION PAYMENT SCHEDULE FOR THE SIX-MONTH FISCAL
PERIOD FROM JULY 1, 2014 THROUGH DECEMBER 31, 2014, AND
TAKING CERTAIN RELATED ACTIONS**

RECITALS:

A. Pursuant to Health and Safety Code Section 34177(l), the Successor Agency to the City of Seal Beach Redevelopment Agency (the "Successor Agency") must prepare a proposed Recognized Obligation Payment Schedule ("ROPS") before each six-month fiscal period (commencing each January 1 and July 1) and submit each proposed ROPS to the Oversight Board for the Successor Agency (the "Oversight Board") for approval.

B. Pursuant to Health and Safety Code Section 34177(l)(2)(C) and (m), the Successor Agency must (1) submit the Oversight Board-approved ROPS for the six-month fiscal period from July 1, 2014 through December 31, 2014 ("ROPS 14-15A"), to the DOF, the Office of the State Controller, and the County Auditor-Controller no later than March 3, 2014; and (2) post a copy of the Oversight Board-approved ROPS 14-15A on the Successor Agency's website.

NOW, THEREFORE, THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE CITY OF SEAL BEACH REDEVELOPMENT AGENCY, HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. The Oversight Board hereby approves proposed ROPS 14-15A, substantially in the form attached hereto as Exhibit A. Staff of the Successor Agency is hereby authorized and directed to submit a copy of Oversight Board-approved ROPS 14-15A to the DOF, the Office of the State Controller, and the County Auditor-Controller and to post a copy of the Oversight Board-approved ROPS 14-15A on the Successor Agency's Internet website (being a page on the Internet website of the City of Seal Beach).

Section 3. The officers of the Oversight Board and the staff of the Successor Agency are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable to effectuate this Resolution, including requesting additional review by the DOF and an opportunity to meet and confer on any disputed items, and any such actions previously taken by such officers and staff are hereby ratified and confirmed.

PASSED, APPROVED AND ADOPTED by the Oversight Board at a meeting held on the 26th day of February, 2014.

AYES: Board Members: _____

NOES: Board Members: _____

ABSENT: Board Members: _____

Chair, Oversight Board

ATTEST:

Secretary, Oversight Board

STATE OF CALIFORNIA)
COUNTY OF ORANGE) SS
CITY OF SEAL BEACH)

I, Linda Devine, Secretary to the Oversight Board, hereby certify that the foregoing resolution was duly adopted at a meeting of the Oversight Board, held on the 26th day of February, 2014.

Secretary, Oversight Board

Recognized Obligation Payment Schedule (ROPS 14-15A) - Summary

Filed for the July 1, 2014 through December 31, 2014 Period

Name of Successor Agency: Seal Beach
Name of County: Orange

| Current Period Requested Funding for Outstanding Debt or Obligation | | Six-Month Total |
|--|--|-------------------|
| Enforceable Obligations Funded with Non-Redevelopment Property Tax Trust Fund (RPTTF) Funding | | |
| A Sources (B+C+D): | | \$ - |
| B Bond Proceeds Funding (ROPS Detail) | | - |
| C Reserve Balance Funding (ROPS Detail) | | - |
| D Other Funding (ROPS Detail) | | - |
| E Enforceable Obligations Funded with RPTTF Funding (F+G): | | \$ 999,656 |
| F Non-Administrative Costs (ROPS Detail) | | 934,649 |
| G Administrative Costs (ROPS Detail) | | 65,007 |
| H Current Period Enforceable Obligations (A+E): | | \$ 999,656 |

| Successor Agency Self-Reported Prior Period Adjustment to Current Period RPTTF Requested Funding | | |
|--|--|-------------------|
| I Enforceable Obligations funded with RPTTF (E): | | 999,656 |
| J Less Prior Period Adjustment (Report of Prior Period Adjustments Column S) | | (23,985) |
| K Adjusted Current Period RPTTF Requested Funding (I-J) | | \$ 975,671 |

| County Auditor Controller Reported Prior Period Adjustment to Current Period RPTTF Requested Funding | | |
|--|--|----------------|
| L Enforceable Obligations funded with RPTTF (E): | | 999,656 |
| M Less Prior Period Adjustment (Report of Prior Period Adjustments Column AA) | | - |
| N Adjusted Current Period RPTTF Requested Funding (L-M) | | 999,656 |

Certification of Oversight Board Chairman:
Pursuant to Section 34177(m) of the Health and Safety code, I
hereby certify that the above is a true and accurate Recognized
Obligation Payment Schedule for the above named agency.

| | |
|------------------|-----------|
| Gordon A. Shanks | Chair |
| Name | Title |
| /s/ | 26-Feb-14 |
| Signature | Date |

Recognized Obligation Payment Schedule (ROPS) 14-15A - ROPS Detail
July 1, 2014 through December 31, 2014
 (Report Amounts in Whole Dollars)

[illegible]

Recognized Obligation Payment Schedule (ROPS) 14-15A - Report of Cash Balances

(Report Amounts in Whole Dollars)

| Pursuant to Health and Safety Code section 34177(l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. | | | | | | | | |
|---|--|------------------------------------|-----------------------------------|--|---|------------------------------|---------------------|----------|
| A | B | C | D | E | F | G | H | I |
| | Cash Balance Information by ROPS Period | Fund Sources | | | | | | Comments |
| | | Bond Proceeds | | Reserve Balance | | Other | RPTTF | |
| | | Bonds Issued on or before 12/31/10 | Bonds Issued on or after 01/01/11 | Prior ROPS period balances and DDR balances retained | Prior ROPS RPTTF distributed as reserve for next bond payment | Rent, Grants, Interest, Etc. | Non-Admin and Admin | |
| | | | | | | | | |
| ROPS 13-14A Actuals (07/01/13 - 12/31/13) | | | | | | | | |
| 1 | Beginning Available Cash Balance (Actual 07/01/13) Note that for the RPTTF, 1 + 2 should tie to columns J and O in the Report of Prior Period Adjustments (PPAs) | | | | | 374 | | |
| 2 | Revenue/Income (Actual 12/31/13) Note that the RPTTF amounts should tie to the ROPS 13-14A distribution from the County Auditor-Controller during June 2013 | | | | | | 774,587 | |
| 3 | Expenditures for ROPS 13-14A Enforceable Obligations (Actual 12/31/13) Note that for the RPTTF, 3 + 4 should tie to columns L and Q in the Report of PPAs | | | | | | 750,602 | |
| 4 | Retention of Available Cash Balance (Actual 12/31/13) Note that the RPTTF amount should only include the retention of reserves for debt service approved in ROPS 13-14A | | | | | | | |
| 5 | ROPS 13-14A RPTTF Prior Period Adjustment Note that the RPTTF amount should tie to column S in the Report of PPAs. | No entry required | | | | | 23,985 | |
| 6 | Ending Actual Available Cash Balance C to G = (1 + 2 - 3 - 4), H = (1 + 2 - 3 - 4 - 5) | \$ - | \$ - | \$ - | \$ - | \$ 374 | \$ - | |
| ROPS 13-14B Estimate (01/01/14 - 06/30/14) | | | | | | | | |
| 7 | Beginning Available Cash Balance (Actual 01/01/14) (C, D, E, G = 4 + 6, F = H4 + F4 + F6, and H = 5 + 6) | \$ - | \$ - | \$ - | \$ - | \$ 374 | \$ 23,985 | |
| 8 | Revenue/Income (Estimate 06/30/14) Note that the RPTTF amounts should tie to the ROPS 13-14B distribution from the County Auditor-Controller during January 2014 | | | | | | 280,687 | |
| 9 | Expenditures for 13-14B Enforceable Obligations (Estimate 06/30/14) | | | | | | 280,687 | |
| 10 | Retention of Available Cash Balance (Estimate 06/30/14) Note that the RPTTF amounts may include the retention of reserves for debt service approved in ROPS 13-14B | | | | | | | |
| 11 | Ending Estimated Available Cash Balance (7 + 8 - 9 -10) | \$ - | \$ - | \$ - | \$ - | \$ 374 | \$ 23,985 | |

| Recognized Obligation Payment Schedule (ROPS) 14-15A - Report of Prior Period Adjustments | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|------------------------|--------|-----------------|--------|-------------|--------|--------------------|---|--------------------------------------|------------|--|------------|---|--------------------------------------|------------|---|--|--|----------------------|--------------------------------------|--------|------------|--------------------------------------|--------|---|--------------|
| Reported for the ROPS 13-14A (July 1, 2013 through December 31, 2013) Period Pursuant to Health and Safety Code (HSC) section 34186 (a) | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (Report Amounts in Whole Dollars) | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ROPS 13-14A Successor Agency (SA) Self-reported Prior Period Adjustments (PPA):Pursuant to HSC Section 34186 (a), SAs are required to report the differences between their actual available funding and their actual expenditures for the ROPS 13-14A (July through December 2013) period. The amount of Redevelopment Property Tax Trust Fund (RPTTF) approved for the ROPS 14-15A (July through December 2014) period will be offset by the SA's self-reported ROPS 13-14A prior period adjustment. HSC Section 34186 (a) also specifies that the prior period adjustments self-reported by SAs are subject to audit by the county auditor-controller (CAC) and the State Controller. | | | | | | | | | | | | | | | | | | | ROPS 13-14A CAC PPA: To be completed by the CAC upon submittal of the ROPS 14-15A by the SA to Finance and the CAC. Note that CACs will need to enter their own formulas at the line item level pursuant to the manner in which they calculate the PPA. Also note that the admin amounts do not need to be listed at the line item level and may be entered as a lump sum. | | | | | | | | |
| A | B | C | D | E | F | G | H | I | J | K | L | M | N | O | P | Q | R | S | T | U | V | W | X | Y | Z | AA | AB |
| Item # | Project Name / Debt Obligation | Non-RPTTF Expenditures | | | | | | RPTTF Expenditures | | | | | | | | | | | SA Comments | RPTTF Expenditures | | | | | | | CAC Comments |
| | | Bond Proceeds | | Reserve Balance | | Other Funds | | Non-Admin | | | | | Admin | | | | | Net SA Non-Admin and Admin PPA (Amount Used to Offset ROPS 14-15A Requested RPTTF) | | Non-Admin CAC | | | Admin CAC | | | Net CAC Non-Admin and Admin PPA (Amount Used to Offset ROPS 14-15A Requested RPTTF) | |
| | | Authorized | Actual | Authorized | Actual | Authorized | Actual | Authorized | Available RPTTF (ROPS 13-14A distributed + all other available as of 07/1/13) | Net Lesser of Authorized / Available | Actual | Difference (If K is less than L, the difference is zero) | Authorized | Available RPTTF (ROPS 13-14A distributed + all other available as of 07/1/13) | Net Lesser of Authorized / Available | Actual | Difference (If total actual exceeds total authorized, the total difference is zero) | | | Net Difference (M+R) | Net Lesser of Authorized / Available | Actual | Difference | Net Lesser of Authorized / Available | Actual | | |
| | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 615,751 | \$ 615,751 | \$ 615,751 | \$ 615,712 | \$ 39 | \$ 158,836 | \$ 158,836 | \$ 158,836 | \$ 134,890 | \$ 23,946 | \$ 23,985 | | | | \$ - | | | \$ - | \$ - | |
| 1 | 2000 Tax Allocation | - | - | - | - | - | - | 561,838 | 561,838 | 561,838 | 561,803 | 35 | | | | | | \$ 35 | | | | | | | | | |
| 2 | 2000 Tax Allocation | - | - | - | - | - | - | 53,913 | 53,913 | 53,913 | 53,909 | 4 | | | | | | \$ 4 | | | | | | | | | |
| 3 | 2000 Tax Allocation Bond A | - | - | - | - | - | - | - | - | \$ - | - | \$ - | | | | | | \$ - | | | | | | | | | |
| 4 | 2000 Tax Allocation Bond B | - | - | - | - | - | - | - | - | \$ - | - | \$ - | | | | 1,824 | | \$ - | | | | | | | | | |
| 5 | 2000 Tax Allocation Bond A | - | - | - | - | - | - | - | - | \$ - | - | \$ - | | | | | | \$ - | | | | | | | | | |
| 6 | 2000 Tax Allocation Bond B | - | - | - | - | - | - | - | - | \$ - | - | \$ - | | | | | | \$ - | | | | | | | | | |
| 7 | Mobile Home Park Revenue Bonds (Seal Beach Mobile Home Park Project) Series 2000A; Regulatory Agreement dated December 1, 2000 | - | - | - | - | - | - | - | - | \$ - | - | \$ - | | | | | | \$ - | | | | | | | | | |
| 8 | Agreement for Legal Services | - | - | - | - | - | - | - | - | \$ - | - | \$ - | | | | | | \$ - | | | | | | | | | |
| 9 | Agreement for Legal Services | - | - | - | - | - | - | - | - | \$ - | - | \$ - | | | | 82,823 | | \$ - | | | | | | | | | |
| 10 | March 16, 2011 Agreement between Developer and RDA under which the RDA is obligated to pay for the acquisition costs of a sewer line | - | - | - | - | - | - | - | - | \$ - | - | \$ - | | | | | | \$ - | | | | | | | | | |
| 11 | Contract for audit services | - | - | - | - | - | - | - | - | \$ - | - | \$ - | | | | 2,249 | | \$ - | | | | | | | | | |
| 12 | Contract for audit services | - | - | - | - | - | - | - | - | \$ - | - | \$ - | | | | | | \$ - | | | | | | | | | |
| 13 | Lenders documentation compliance review | - | - | - | - | - | - | - | - | \$ - | - | \$ - | | | | | | \$ - | | | | | | | | | |
| 14 | Successor Agency Staff/Oversight board | - | - | - | - | - | - | - | - | \$ - | - | \$ - | | | | | | \$ - | | | | | | | | | |
| 15 | Successor Agency Staff/Oversight board | - | - | - | - | - | - | - | - | \$ - | - | \$ - | | | | 47,994 | | \$ - | | | | | | | | | |
| 16 | Trailer Park | - | - | - | - | - | - | - | - | \$ - | - | \$ - | | | | | | \$ - | | | | | | | | | |
| 17 | Marina Drive Storm Drain Project | - | - | - | - | - | - | - | - | \$ - | - | \$ - | | | | | | \$ - | | | | | | | | | |
| | | | | | | | | | | \$ - | - | \$ - | | | | | | \$ - | | | | | | | | | |
| | | | | | | | | | | \$ - | - | \$ - | | | | | | \$ - | | | | | | | | | |
| | | | | | | | | | | \$ - | - | \$ - | | | | | | \$ - | | | | | | | | | |
| | | | | | | | | | | \$ - | - | \$ - | | | | | | \$ - | | | | | | | | | |
| | | | | | | | | | | \$ - | - | \$ - | | | | | | \$ - | | | | | | | | | |
| | | | | | | | | | | \$ - | - | \$ - | | | | | | \$ - | | | | | | | | | |
| | | | | | | | | | | \$ - | - | \$ - | | | | | | \$ - | | | | | | | | | |
| | | | | | | | | | | \$ - | - | \$ - | | | | | | \$ - | | | | | | | | | |
| | | | | | | | | | | \$ - | - | \$ - | | | | | | \$ - | | | | | | | | | |
| | | | | | | | | | | \$ - | - | \$ - | | | | | | \$ - | | | | | | | | | |
| | | | | | | | | | | \$ - | - | \$ - | | | | | | \$ - | | | | | | | | | |
| | | | | | | | | | | \$ - | - | \$ - | | | | | | \$ - | | | | | | | | | |
| | | | | | | | | | | \$ - | - | \$ - | | | | | | \$ - | | | | | | | | | |
| | | | | | | | | | | \$ - | - | \$ - | | | | | | \$ - | | | | | | | | | |
| | | | | | | | | | | \$ - | - | \$ - | | | | | | \$ - | | | | | | | | | |
| | | | | | | | | | | \$ - | - | \$ - | | | | | | \$ - | | | | | | | | | |
| | | | | | | | | | | \$ - | - | \$ - | | | | | | \$ - | | | | | | | | | |
| | | | | | | | | | | \$ - | - | \$ - | | | | | | \$ - | | | | | | | | | |
| | | | | | | | | | | \$ - | - | \$ - | | | | | | \$ - | | | | | | | | | |
| | | | | | | | | | | \$ - | - | \$ - | | | | | | \$ - | | | | | | | | | |
| | | | | | | | | | | \$ - | - | \$ - | | | | | | \$ - | | | | | | | | | |
| | | | | | | | | | | \$ - | - | \$ - | | | | | | \$ - | | | | | | | | | |
| | | | | | | | | | | \$ - | - | \$ - | | | | | | \$ - | | | | | | | | | |
| | | | | | | | | | | \$ - | - | \$ - | | | | | | \$ - | | | | | | | | | |
| | | | | | | | | | | \$ - | - | \$ - | | | | | | \$ - | | | | | | | | | |
| | | | | | | | | | | \$ - | - | \$ - | | | | | | \$ - | | | | | | | | | |
| | | | | | | | | | | \$ - | - | \$ - | | | | | | \$ - | | | | | | | | | |
| | | | | | | | | | | \$ - | - | \$ - | | | | | | \$ - | | | | | | | | | |
| | | | | | | | | | | \$ - | - | \$ - | | | | | | \$ - | | | | | | | | | |
| | | | | | | | | | | \$ - | - | \$ - | | | | | | \$ - | | | | | | | | | |
| | | | | | | | | | | \$ - | - | \$ - | | | | | | \$ - | | | | | | | | | |
| | | | | | | | | | | \$ - | - | \$ - | | | | | | \$ - | | | | | | | | | |
| | | | | | | | | | | \$ - | - | \$ - | | | | | | \$ - | | | | | | | | | |
| | | | | | | | | | | \$ - | - | \$ - | | | | | | \$ - | | | | | | | | | |
| | | | | | | | | | | \$ - | - | \$ - | | | | | | \$ - | | | | | | | | | |
| | | | | | | | | | | \$ - | - | \$ - | | | | | | \$ - | | | | | | | | | |
| | | | | | | | | | | \$ - | - | \$ - | | | | | | \$ - | | | | | | | | | |